

May 2014

UNIVERSITY COLLEGE LONDON
School of Slavonic and East European Studies

UNIVERSITY OF HELSINKI
Faculty of Social Science
Economic and Social History

Danielle D. Samuel

IMPACT OF IMMIGRATION ON WELFARE SYSTEMS

POLITICAL ECONOMY OF THE WELFARE STATES: A COMPARATIVE STUDY

Master's Thesis

Supervisor: Sakari Heikkinen

Abstract

A recent report by the UN shows that international migration flows is at the highest, with more people than ever before living abroad, reported figures suggest that 232 million, or 3.2 per cent of the world's population are migrants in 2013, defined as persons living outside their country of birth. In comparison to figures of 2000; 175 million and 1990; 154 million, there has been significant increase in mobility.

International migration is a global occurrence that is constantly evolving in its capacity, complexity and impact; it is not just a social symptom, but also a process with a complex causality system that permeates almost every aspect of our everyday lives. Migration is both a source and consequence of wider development processes and a fundamental aspect of our increasingly globalizing world. Increased mobility, the complexity of migratory patterns, its impact on migrants, families, communities and countries have ensured that international migration become and remain a priority for most nations. Observations have shown that migration occurs in well-defined streams, migrants generally progress along a specific route towards specified destinations; mainly due to established transportation routes and partly due to highly localized opportunities (Lee, 1966). This paper will argue that this is true for both humanitarian and labour migrants, it hypothesizes that both sets of migrants are somewhat informed of their destination country prior to making the decision to migrate for work or asylum.

Table of Contents

Abstract.....	1
Table of Contents.....	2
List of Figures.....	3
List of Tables.....	3
1. Introduction.....	0
1.1. Problem Statement.....	0
1.2. Motivation.....	0
2. Determinants of Migration: An Assessment of Theory.....	5
2.1. New Economics of Labour Migration.....	6
2.2. Neoclassical Migration.....	7
<i>Neoclassical Macroeconomic Migration.....</i>	<i>8</i>
<i>Neoclassical Microeconomic Migration.....</i>	<i>9</i>
2.3. Dual Labour Market Theory.....	10
2.4. 'Push' and 'Pull' Factors.....	11
3. Humanitarian, Voluntary Migration and The Welfare State.....	14
3.1 Humanitarian Migration and Welfare.....	15
3.2 Voluntary migration and Welfare.....	21
<i>Immigration and Welfare.....</i>	<i>25</i>
3.3 Migration Flows: Europe and the Consequences of Expansion.....	27
4 Methodology.....	30
5 Modern Welfare States, Immigration and Asylum Policy, and Trends in Migration Flow.....	31
5.1 Three Worlds of Welfare Capitalism.....	33
<i>The Corporatist/ Conservative Welfare Regime.....</i>	<i>34</i>
<i>The Liberal Welfare Regime.....</i>	<i>36</i>
<i>The Social Democratic/Scandinavian/ Nordic Welfare Regime.....</i>	<i>37</i>
5.2 Immigration and Asylum Policy and Trends in Migrant flow.....	38
<i>Domestic Policy Context.....</i>	<i>39</i>
<i>EU Policy Context.....</i>	<i>40</i>
<i>Trends in Migration.....</i>	<i>42</i>
5.3 Labour Market Participation and the Impacts of Migration.....	1
<i>Substitution of Low-Skilled Labor.....</i>	<i>2</i>
5.4 British and Finnish Welfare State Models; Magnets of Migration?.....	3
6 Summary and Conclusions.....	7
References.....	10
66. Scruggs, L. (2006): „The Generosity of Social Insurance, 1971-2002“, Oxford Review of Economic Policy, Vol.22, No.2, 149-163.....	15
Bibliography.....	16

List of Figures

Figure 1.1. Contribution of natural increase and net migration to total population change by development group, 1950-1960 to 2040-2050 (*millions*)

Figure 3.1. Permanent immigration by category of entry or of status changes into selected OECD countries and the Russian Federation, 2011, and total for 2010

Fig 5.1. Unemployment Replacement Rate Trends, by Type of Welfare Regime

Fig 5.2.1 Average annual net migration rates, 2005-07 and 2008-10 per thousand population

Fig 5.2.2 Inflow of Foreign Population, 2001-2011 (Thousands)

Fig 5.3.1 Percentage of Unemployed Immigrants and Natives in Finland and the UK, 2008-11

Fig 5.2.3 Average annual change in the number of international migrants by major area, 1990- 2013
(millions)

Fig 5.2.4 International migrants by major area, 1990-2013 (millions)

Fig 5.2.5 Inflow Asylum Seekers to Finland and UK, 2001-2011

Fig 5.2.6 Asylum claims in 38 Industrialized Countries 1980- 2004

Fig. 5.4.1. Social Expenditure in % GDP over time

Fig. 5.4.1. Social Expenditure in % GDP over time

List of Tables

Table 2.4.1: Push and pull factors of Immigration- Push (from home country) Pull (to Host Country)

Table 5.1. Decommodification Scores Revisited

Table 5.2.1 Welfare and Immigration Policy Regimes by Country

1. Introduction

1.1. *Problem Statement*

How important are the ‘pull’ factors of the welfare state in influencing the migration decision of asylum seekers and labour migrants to the UK and Finland. How does the interaction between organizational (immigration policy) and individual factors impact results?

1.2. *Motivation*

The European Union’s (EU) population has shown a continued growth since the 1960’s to present; recent figures from Eurostat shows that the EU27¹ population as of the 1st January 2012 was an estimated 503.7 million; an increase of 1.3 million people from the previous year. The EU-27 inhabitants grew by more than 100 million persons from the reported figure in 1960 of 402.6 million. Whilst a natural increase² accounted for an added 0.4 million (32 %) of the population growth in the EU-27 in 2011, the remaining 68 % was resultant of net migration³, which continues to be the main cause of population growth, contributing 0.9 million in 2011⁴ ([Eurostat, 2013](#)). A recent report by the UN shows that international migration flows is at the highest, with more people than ever before living abroad, reported figures suggest that 232 million, or 3.2 per cent of the world’s population are migrants in 2013, defined as persons living outside their country of birth. In comparison to figures of 2000; 175 million and 1990; 154 million, there has been significant increase in mobility. This global estimate includes labour migrants, their families, asylum seekers and refugees. Of these international migrants⁵ approximately 59 per cent live in developed countries and the remaining 41 per cent in the developing world. Figure 1.1⁶ below illustrates the changes and projected changes in population over time from 1950-2050 for developed and developing regions ([United](#)

¹ Now EU-28 with the accession of Croatia on 1st July 2013- This Thesis though will only mention EU-27 as all statistical information gathered relate to EU-27 countries only.

² The positive difference between live births and deaths

³ Net Migration- Total number of immigrants less total emigrants

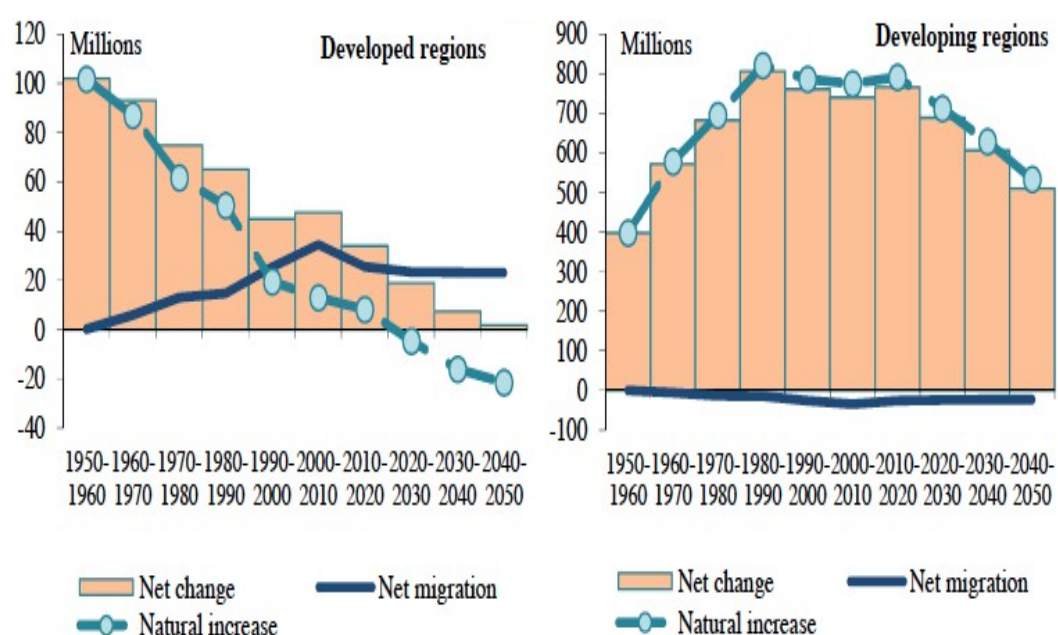
⁴ For more details see; Key figures on Europe — 2013 edition Eurostat

⁵ International migrants are considered as foreign born or foreign citizens.

⁶ For more facts and figures on Europe and the World, see; The International Migration Report 2013

Nations, 2013a). It suggests that the net change in population of developing countries will begin to decrease from 2020 onwards and net migration will continue to be negative: implying that more people will continue to migrate outwards. Simultaneously developed nations will also witness a decline in net population change, likely resultant of characteristically ageing populations and low fertility rates, however net migration is projected to continue growing at relatively steady pace.

Figure 1.1. Contribution of natural increase and net migration to total population change by development group, 1950-1960 to 2040-2050 (millions)



Source: United Nations, Department of Economic and Social Affairs, Population Division (2013). *World Population Prospects: The 2012 Revision, DVD Edition*.

The International Migration report 2013 tells us that Europe as a region has had the second largest addition of international migrants between 1990 and 2013 (23 million), with some 52 per cent of these being born within the area (ibid: 3). These EU migration flows occurred during a period of falling population growth and an increase in the average age of EU residents, with the average age of citizens being 41.2 years in 2011. This change in demography will undoubtedly engender significant changes in the coming years, undoubtedly some of which are already occurring. The working-age⁷ population in 2011 accounted for 66.9 per cent of the total EU-27's population, young

⁷ Aged 15-64

people⁸ accounting for only 15.6 per cent and older persons⁹ the remaining 17.5 per cent (Eurostat, 2013). The number of elderly is expected to rise substantially given the percentage of working-aged and the current median EU age, this presents a problem for both the labour market and the welfare state.

Modern welfare states according to many experts are said to be in a state of crisis summarized broadly as having been derived from: market-distortions¹⁰, calamitous long-term effects of population ageing¹¹ and a new global economy that reprimands profligate governments and uncompetitive economies (Esping-Andersen, 1996). Of equal interest and additional to the discourse on welfare states in crisis and their future continuity are the effects of globalization. According to Iversen (2001) there are two conflicting views, with the pessimist viewing globalization as a threat to the continuation of the Keynesian welfare states and the optimist, who views globalization as compatible with and strengthening to the welfare state.

With aging populations and falling birth rates, there is a greater reliance on immigrants to aid in stabilizing economies and maintaining populations (Robinson, 2005; Hedetoft, 2006; Tienda and Haskins, 2011; Esping-Andersen, 1996). Surprisingly, discourses on the consequences of immigration inflow are more focused on the cost/benefits of cultural diversity as opposed to the economic cost/benefits of immigration inflows (Bisin *et al.*, 2008). For Finland and UK, their welfare states are the centre of gravity, particularly over the last few decades and continuing. Though, as important as the welfare state is to the fiscal policy of these two countries it is not without its polemics surrounding its role and function. Much of which is focused on the immigration debate and the controversial issue of immigrants' actual or potential use of the host country's welfare systems. Evidence suggests that there is an increased participation of immigrants in the welfare programmes of rich countries (Borjas, 1994; Borjas and Hilton, 1996; and Borjas, 2011). Furthermore, poor immigrants with limited employment prospects tend to cluster in countries with high welfare benefits. The very

⁸ Aged 0-14

⁹ Aged over 65

¹⁰ The argument is that welfare states stifles markets and erodes ones motivation to work, save and invest.

¹¹ Ageing populations poses a challenge for welfare states, with growing elderly populations in need of more assistance and services.

real probability of immigrants benefiting disproportionately from welfare systems and becoming a fiscal burden on public finances and taxpayers is a common argument in favour of political support for higher welfare standards and increased restrictions on immigration. Sinn (2002) cited by Hansen (2003) suggests that countries with open borders and generous welfare systems attract immigrants who receive more from the public sector than they contribute in taxes. Many of the policy changes in Western countries of the recent past have been in direct response to these migratory effects (Myers and Papageorgiou, 2000).

International migration is a global occurrence that is constantly evolving in its capacity, complexity and impact; it is not just a social symptom, but also a process with a complex causality system that permeates almost every aspect of our everyday lives. Migration is both a source and consequence of wider development processes and a fundamental aspect of our increasingly globalizing world. Increased mobility, the complexity of migratory patterns, its impact on migrants, families, communities and countries have ensured that international migration become and remain a priority for most nations. Observations have shown that migration occurs in well-defined streams, migrants generally progress along a specific route towards specified destinations; mainly due to established transportation routes and partly due to highly localized opportunities (Lee, 1966). This paper will argue that this is true for both humanitarian and labour migrants, it hypothesizes that both sets of migrants are somewhat informed of their destination country prior to making the decision to migrate for work or asylum. The harmonisation of European Immigration policies and subsequent expansion of the EU in 2004 have given rise to discourses around the ‘pull’ factor of welfare. Furthermore, there are those that argue that the creation of the European ‘single market’ is at the expense of welfare integration, accompanied by expansive immigration policies and a greater need for rigorous control measures¹². However, there is still a demand for migrants to fill the gaps in the labour market created by ageing populations and the declining interests of natives in filling positions in low-skilled jobs. Employment not only serves to meet the basic needs for food, clothing, shelter and recreation, but also aids in the redistribution process¹³. The creation of the EU’s ‘single market’ has made it

¹² See for example Schierup et al., 2006; Sinn, 1997; and Givens and Luedke, 2004.

¹³ Redistribution is the transfer of income, wealth or property from some individuals to others through a social mechanism such as taxation, monetary policies, welfare etc.

possible to benefit from increased trade and a division of labour through the guarantees of its ‘four-freedoms’; the free movement of goods, services, capital, and labour, across member states (Sinn, 1998). Whilst beneficial, simultaneously, these four liberties augments the competitive pressures on the national fiscal economies, and creates a challenge in the desire to limit access to those that will present a fiscal burden (welfare migrants and asylum seekers). The distribution of immigrants’ across European countries has been far from even. Numerous rationalizations can be offered, including both institutional factors and individual opportunities. This paper contends that migration outcomes are a direct result of an amalgamation between structural and individual factors. The relationship between institutional measures, policies, migration systems and aspirations of the individual can present complexities. The main objective of this paper is to consider the interaction between organizational and individual factors that determines immigrant destinations through the consideration of the influences at work, i.e. welfare states and immigration policies. The study presents two differing immigration regimes within differing welfare state settings to demonstrate the interaction between the two types of policies. The assessment of the economic outcomes is based largely on literature reviews on (1) the impact of immigration policy and the welfare state on the selection of immigrants, and (2) the impact of immigration on the host country’s economy. It will explore whether the welfare state presents a magnet pull for immigration in the cases of both Finland and the UK. It will also attempt to connect the variation in welfare typology with variations in migration flow and explore the role of immigration and asylum policies of both countries in this nexus. To answer the motivating question of the thesis, I provide a survey of the literature, especially from cross-national studies. References from several disciplines within social sciences are utilized. Using a descriptive analysis of existing statistical information available from Eurostat, ILO, OECD and the UN, generalizations and inferences surrounding the movement of immigrants to the UK and Finland. In summary, I examine how welfare state regime, immigration policy, and individual choice shapes or determines patterns of flow to the selected countries.

The rest of the paper is structured as follows: the next section will discuss in some details migration theories and present a summary of the relevant theoretical approaches. Section 3, will present a comprehensive literature review on the subjects of humanitarian, voluntary migration and welfare, concluding with an overview of

literature on the immigration-welfare nexus. Section 4 will discuss the methodological approach; section 5 will present the relationship between welfare regimes, immigration and asylum policy and welfare. A concluding chapter (6) follows which will discuss the main findings and submit recommendations for future approach.

2. Determinants of Migration: An Assessment of Theory

“Migration means life and progress; a sedentary population stagnation”, Ravenstein (1885) cited by Lee (1966). In advance economies, differences in locale are highlighted by industrial development and the differences among people by education. Simultaneously, intervening obstacles to migration within the country are lessened by improving technology and by political design. The same can be expected between nations, and thus we should anticipate and witness large waves of immigration to developed nations and within them high rates of internal migration. Equally, in the developing nations, we anticipate a largely immobile population, whose populace is changed under duress (conflict driven) and en masse rather than through individual action (ibid: 54). Irrespective of the length of stay, difficulties or ease of doing so, the act of migration involves a place of *origin*, a *destination* and an intervening set of *obstacles* (ibid: 49). The subject of international migration has yielded much research in the last few decades and continues to do so within our continuously globalising world. Labour migration has become an increasingly popular choice for individuals, providing them with the necessary means to assist in the care of family members back home in the form of remittances. To understand the push and pull factors of an individual’s migration decision it is perhaps essential foremost to understand why international migration occurs.

A multidisciplinary and interdisciplinary subject, migration studies has generated an abundance of research and several theoretical approaches in their attempts to discern and understand why people move. A variety of theoretical models have been developed to explain the international flow of human capital. From the ‘neoclassical’ approach to the ‘historical-structuralist’ and most recently the new economics of labour migration perspective, each theory formulated ultimately seeks to expound on this issue, though they utilise different frames of reference, notions and suppositions. Supplementary to

these studies on the causes of migration, other related theoretical approaches have pursued other aspects of the migratory process such as the migration networks theory¹⁴ and the migrations systems theory¹⁵. The following pages will however focus on the aforementioned perspectives; neoclassical and NELM and additionally ‘Dual labour market theory’, the ‘push and pull’ migration theory and ‘the magnet pull hypothesis’ as they are more central to the argument and discussions of this paper.

2.1. New Economics of Labour Migration

New Economics of Labour Migration according to Stark (1991) cited by Constant and Massey (2002) views migration as a reaction to market failures at home, rather than an adjustment to uncertainties in international labour markets. As such, migration is assumed to be a temporary action to enable one to remit earnings or accumulate savings with the intentions of a return home. Where neoclassical assumptions are made on the basis of individuals’ migratory choices, "new economics of labour migration (NELM)" concludes that isolated individual actors cannot solely explain migration patterns and flows. Instead, other social entities such as families or households are in play. Migration in this case can be regarded as a consequence of the risk aversion method employed by households with insufficient income. The household, in this instance, seeks to maximize income, which can be achieved from remittances sent back by family members who participate in migrant labour abroad (Abreu, 2012; Massey *et al.*, 1993).

Families or households are more likely to be positioned to control risks to their economic well being than an individual. They are better able to diversify the allocation of resources, this includes the decision to remain, or for others to be sent abroad to work in international labour markets. This means that they can derive economic benefits from remittances returned, particularly when labour markets at home deteriorate or become

¹⁴ See for example; McKenzie and Rapoport’s (2007) International migration is costly and initially only the middle class may have both the means and incentives to migrate, which can increase inequality in the sending community. However, the migration networks formed lower the costs for future migrants, which can in turn lower inequality.

¹⁵ See Castle *et al.*, (2005) this approach addresses the interaction between macrostructures (relationship between states, institutions, world markets, laws and policies of sending and receiving nations in regulating migratory flows) and microstructures (informal networks developed by the migrants, including personal relationships; family, friendship and community ties; household patterns; organizations for mutual help on economic and social questions).

unfavourable. In developed countries, risks to household income are generally minimized through private insurance markets or governmental programs (social security), but in developing countries these institutional mechanisms for managing risk are imperfect, absent, or inaccessible to the poor, giving them incentives to diversify risks through migration. The source of income really matters and is not as homogenous as assumed by neoclassical economics. It also does not have a constant effect on utility for an actor across socioeconomic settings, that is, irrespective of settings; workers sent abroad assists in the improvement of household income in absolute terms relative to other households and aids in the reduction of relative deprivation comparatively (Abreu, 2012; Massey et al., 1993). Abreu (2012) states that these risks may be insured against through recourse to, crop insurance, futures markets and unemployment benefits. However, in areas where there is limited access to formal or informal self-insurance schemes or market incompleteness, a greater propensity to migrate is anticipated. Taylor (2001) argues that NELM is the only theory that explicitly links the migration decision to the impacts of migration.

2.2. Neoclassical Migration

The ‘neoclassical’ and the ‘new economics of labour migration’ theories posit very different motivations for international migration. Neoclassical economics assumes a permanent migration is made to maximize lifetime earnings and the latter, that the migratory move is temporarily made to overcome market deficiencies in one’s home country (Constant and Massey, 2002; Massey *et al.*, 1993). Many European countries in recent years have shifted from being countries of mass emigration into immigrant-receiving societies. Massey *et al.*, (1993) suggest that not only have developed countries become diverse multi-ethnic societies, but, that those who have not yet achieved this state of diversity are moving decisively in this direction. International migration is now a permanent feature of nearly all industrialized nations. The neoclassical migration theory posits both macro and micro level determinants of international migration. Interestingly, the neoclassical theoretical perspective suggests that the labour markets will clear and move themselves towards a state of equilibrium: it is regarded as a closed system with discrete independent actors, autonomous from politics and price responsive (Kolberg and Esping-Andersen, 1992). In the Neo-classical theory, development growth

is achieved via factor price equalization and migrants are perceived as atomistic, utility exploiting individuals. This arguably, disregards other motives for migration, including migrants' participation in 'migration networks' or social groups such as households, families and communities.

Neoclassical Macroeconomic Migration

Developed initially to explain labour migration in the process of economic development, the neoclassical migration theory proposes that migration is caused by the geographic differences in supply and demand internationally (Massey *et al.*, 1993). It places emphasis on the economic labour market conditions in both the sending and receiving countries that precipitates the migration decision of an individual. Labour markets are the principal means through which migration is induced; other types of markets do not have significant effects on international migration. De Haas (2010) suggests that it is a system of optimum allocation of production factors that benefits both the sending and receiving countries. A prerequisite for economic growth and development from the neoclassical outlook is a re-allocation of labour from rural agricultural areas to urban, industrial regions. The highest number of migrants potentially migrate from rural to urban areas, thus Abreu (2012) suggest that the migration decision-making process in the 'behavioural' model put forth by Harris and Todaro, (1983) presents a comparison between discounted future streams of real rural income¹⁶, and the discounted future streams of expected income¹⁷ should they migrate to the cities. Todaro (1969) proposes that there is an 'urban-traditional' sector of rural-urban migrants have not yet been chosen from the pool of similar migrants by the modern sector thus accounting for urban unemployment and underemployment. Though difficulties lie in classifying Harris and Todaro's model as micro or macro, it presents a "behavioural model of migration" on one hand, and on the other it seeks to account for 'macro' outcomes, through an aggregation of individual (optimizing) decisions. In this sense, it is indeed an individualist neoclassical model, insofar as there is no room for forces or constraints operating at the structural level. However, 'macro' implications are that migration serves as an optimal resource-allocation mechanism,

¹⁶ Already known by the potential migrant

¹⁷ Defined as the urban real income measured by the probability of employment

where labour is transferred from labour rich to labour scarce regions and whereby factor returns are equalized (Abreu 2012).

Lewis, (1954) cited by Abreu (2012) in their research sought not to put forth a theory of migratory determinants but instead focused on the economic duality characteristics of underdeveloped countries, in which he suggests exists in tandem traditional sectors characterized by the presence of redundant labour and a low capital-labour ratio alongside a modern sector with higher levels of capital intensity. The rationale of this model is that the existence of the different capital-labour ratios necessitates different marginal productivities of labour and wage levels, which results in the migration of workers from traditional sectors to modern sectors. He therefore suggests that the process of economic development involves the absorption of surplus-labour in traditional sectors by modern sectors. This coincides with the views put forth by Massey *et al.*, (1993); they suggest that countries with an extensive labour force relative to capital will likely have a low market wage and those with limited labour relative to capital a high market wage. The resulting differential in wages encourages the movement of people from low market wage economies to the high waged economies and creates an international wage differential that reflects on the costs of international movement.

Neoclassical Microeconomic Migration

The micro theory is concerned with the individual's choice. It considers that rational actors make decisions to migrate based a cost-benefit calculation; which leads to an expected positive net return from movement. Given skills levels and the associated costs of moving, the costs and benefits are weighed and the decision generally made to migrate to a place where the expected net return will be greatest over time (Borjas and Bronars, 1990). Future net returns are estimated by taking the observed earnings corresponding to an individual's skills in the designated host country, multiplied by the probability of obtaining a job there, to obtain "expected destination earnings." These expected earnings are then deducted from those expected in the home country and the difference is summed over a time horizon from 0 to n , discounted by a factor that reflects the greater utility of money earned in the present than in the future. From this

integrated difference the estimated costs are subtracted to yield the expected net return to migration. The assumptions derived from the microeconomic formulations differ slightly from those of the macroeconomic formulations. International movement under the micro theory assumes that movement stems from international differentials in both earnings and employment rates and there is greater weight in the social needs and human capital characteristics of the individual that increases the likelihood of international migration occurring (Massey *et al.*, 1993).

2.3. Dual Labour Market Theory

Massey *et al.*, (1993) suggest that both the neoclassical theory and NELM theory are both micro-level decision models, and differs in the assumed units of decision-making (individual or household), the entity being maximized or minimized (income or risk), suppositions about the economic context of decision-making (complete, well-functioning markets versus missing or imperfect markets), and the degree to which the migration decision is socially contextualized (whether income is evaluated in absolute terms or relative to some reference group). Microeconomic models predict that actors make rational, self-interested decisions, 'Dual' labour market theory neither posits nor denies this notion. Instead, the dual labour market theory conceives that international migration stems from the intrinsic demand for labour in modern industrial societies. It further suggests that pull factors in developed countries are the main cause of migration. Piore (1979) cited by Massey *et al.*, (1993) suggests that immigration is not caused by push factors in sending countries, but by pull factors in receiving countries. Under this theory, the assumption is that the labour market is divided into two segments for which highly skilled and low skilled labourers are required. As such, and as a result of the pull generated by the need for labourers into predominantly secondary markets (low-skilled; labour intensive) migration from developing countries to developed countries occurs. There is generally a perpetual need for immigrant labour, inherent to the economic structure of developed countries. Migrant workers usually occupy jobs at the lower rungs of the labour market, as natives are unwilling to take on these roles: viewing them as lacking in opportunities for upwards mobility. It is also suggested that the need for

immigrant labour stems from characteristics of the advanced industrial societies and their economies, namely:

- 1) **Structural inflation-** wages are a reflection of supply and demand conditions and also project ones' status and social standing.
- 2) **Motivational problems-** with no status to uphold and few opportunities for upward mobility at the bottom of the job hierarchy, severe motivation problems arise.
- 3) **Economic dualism-** advanced industrial economies are characterized by bifurcated labour markets, resultant of the inherent duality between labour and capital.
- 4) **The demography of labour supply-** The above conditions present within advanced industrial labour markets creates a permanent demand for workers who are willing to work in unpleasant conditions, characterized with low wages, uncertainty and limited progression prospects.

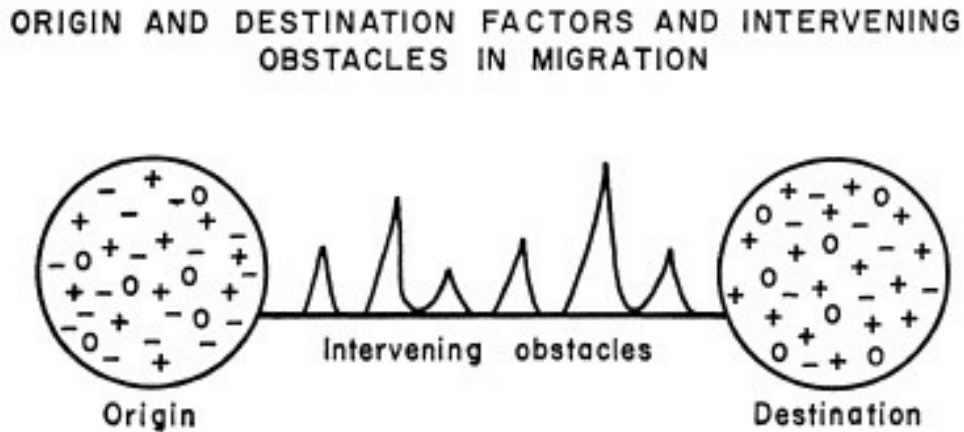
2.4. 'Push' and 'Pull' Factors

Lee using Ravenstein's¹⁸ early work as inspiration, aimed to develop "a general schema into which a variety of spatial movements can be placed" (Lee, 1966). Making no distinctions upon the voluntary (labour migrants) or involuntary (humanitarian migrants) nature of the act of migration, whether internal or external or permanency of move, Lee hypothesised a model known as the 'push' 'pull'. A neoclassical approach, it emphasizes that there are diverse factors that dictate the act of migration from or to a place. It argues that these 'push' and 'pull' factors are existing influences that are associated with the place of origin thought to 'push' the migrant, and those associated with the place of destination that 'pulls' the migrant, whilst intervening obstacles and personal characteristics of the individuals impedes or compels the process, among these set of obstacles, distance of move is always present (ibid: 49). The decision to migrate is subsequently the result of a (cost-benefit) comparison between the plusses (+) and

¹⁸ For more information see - E. G. Ravenstein, "The Laws of Migration," Journal of the Royal Statistical Society, XLVIII, Part 2 (June, 1885), 167-227. **And** Ravenstein, "The Laws of Migration," Journal of the Royal Statistical Society, LII (June, 1889), 241-301. - thought to be the starting point of scholarly work on migration theory

minuses (-) of both origin and destination. However, a calculation of the +’s and –’s does not decide migration as the balance in favour of migration must overcome ‘natural inertia which always exist. The decision to migrate he suggests is therefore never completely rational (ibid: 51).

Fig 2.4. Origin and Destination Factors and Intervening Obstacles in Migration



Source: Lee, 1966

The Table (2.4.1.) below lists some of the ‘push’ and ‘pull’ factors of migration that influences a person’s migratory decision, as suggested by Lee (1966). Lee’s theory traditionally considers as pull factors the demographical, social and economic factors associated with the country of destination. This model was developed with economic migration in mind and thus has its limitations, however it does offer some insights for research on forced migration (Thielemann, 2012). In the context of this paper, the author will consider the ‘welfare states’ of the destination countries (Finland and the UK) as being an additional ‘pull’ factor of migration for both humanitarian and labour migrants.

Table 2.4.1: Push and pull factors of Immigration- Push (from home country) Pull (to Host Country)

Push Factors (Home country)	Pull Factors (Destination Country)
<ul style="list-style-type: none"> • Not enough jobs • Few opportunities • Inadequate conditions • Desertification • Famine or drought • Political fear or persecution • Slavery or forced labour • Poor medical care • Loss of wealth • Natural disasters • Death threats • Desire for more political or religious freedom • Pollution • Poor housing • Landlord/tenant issues • Bullying • Discrimination • Poor chances of marrying • Condemned housing • War 	<ul style="list-style-type: none"> • Job opportunities • Better living conditions • The feeling of having more political and/or religious freedom • Enjoyment • Education • Better medical care • Attractive climates • Security • Family links • Industry • Better chances of marrying

With regards to the theories outlined in this section, the neo-classical strand of migration theory can explain the migratory decision of both economic and humanitarian migrants. It suggests that individuals should migrate to destinations where they are able to maximize utility, whether economically (employment) or socially in terms of social advancement. Similarly if we consider this same chain of thought, we can infer that humanitarian migrants also seek to maximise utility- that of safety, by seeking the safest destination to re-establish the relative feeling of security lost during the process of forced movement. If we are to assume this view, we must assume that humanitarian

migrants are aware of and have access prior to flight of detailed comparative information on available opportunities at 'competing' destinations. The next section presents a summary of literature on immigration and welfare states and explores these views further with reference to all migrants.

3. Humanitarian, Voluntary Migration and The Welfare State

Welfare systems in Western European countries are considerably more liberal, and labour market deficiencies more prominent than in the United States, similarly, there is greater resistance to immigration in the EU (Hansen, 2003). 2004 saw the single largest expansion of the EU with the addition of ten new Member States. Citizens of these new states were now able to move freely within Member States to live and work should they choose to. Political and public discourse prior to the 2004 enlargement in the more affluent EU15 countries, largely debated the consequences of free labour mobility amongst disparate nations. A large portion of the discussion was fuelled by the income-distribution consequences of immigration. In response to these domestic political concerns in the milieu¹⁹ of elevated unemployment, decelerating economies, and anti-immigration sentiments, governments of fourteen of the EU's original fifteen states²⁰ imposed labour market or welfare-access restrictions on eight of the new Member States. Many feared that there would be an influx of migrants (low skilled and less adaptable) from A10²¹ countries, who would benefit disproportionately from the public's coffers and become a fiscal burden on their economies (Borjas, 1994; Fachini and Mayda, 2006). However, the same young immigrants have been portrayed as the answer to the flagging welfare states in destination countries with aging populations. The very presence of redistributive social insurance programs in many western countries creates a magnetic effect on large numbers of immigrants, interested not only in new employment opportunities, but also in the benefits they can access in the form of subsidized health care, unemployment benefits or provisions concerning dependants

¹⁹ The ten countries that acceded to the EU in 2004, (A10 countries), had on average, substantially lower income levels and higher unemployment rates than the EU15 countries

²⁰ Sweden was the exception.

²¹ Namely; Estonia, the Czech Republic, Hungary, Latvia, Lithuania, Poland, Slovenia, and the Slovak Republic. Eu-15 leaders feared that the weaker economies of these Central and Eastern European countries would provide incentives for their citizens to migrate in search of work.

(Fachini and Mayda, 2006). Notwithstanding, adjustments in the redistribution carried out by the welfare state are unavoidable, irrespective of whether immigration represents a net cost or benefit for the welfare system. ‘Immigration’ and ‘Welfare Systems’ are historically both matters of controversy in public and political discourse, and it is increasingly difficult to conduct migration studies in the discipline of economics without consideration given to the ‘*welfare state*’ and the impacts of human capital mobilisation. According to Fachini and Mayda (2006) no other aspect of globalization has stimulated as much public debate as the movement of workers across national borders. Even within ideologically homogeneous groups, often-contradictory positions emerge. A wealth of research has been conducted on both immigration and welfare systems independently, however, recent years have shown a development in research on the immigration-welfare nexus. Furthermore, whilst the first generation of welfare state research were concerned with aggregate spending, and the emergent second generation concerned with the institutional characteristics of welfare state development. Present research focuses on the social and economic influences of the welfare state in advanced societies (Kolberg and Esping-Andersen, 1992). This chapter will explore and present a concise literature review on the question of immigrants’ access and responsiveness to welfare systems. This paper is related to different strands of the literature, the first examines the impact of immigration on the welfare state, and has shaped the debate about immigration policy in many western countries. A relatively unexplored subject in Europe, much of the literature stems from the USA, we first explore literature from the US, and conclude with an exploration of the European cases.

3.1 Humanitarian Migration and Welfare

The hegemonic discourse on asylum and immigration in wealthy receiving countries has been overwhelmingly negative, marred with suspicion and hostility towards asylum seekers²² (Saxton, 2003; Buchanan *et al.*, 2003; Smart *et al.*, 2003). They often depict

²² ‘As a result of events occurring before 1 January 1951 and owing to well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country; or who, not having a nationality and being outside the country of his former habitual residence as a result of such events, is unable or, owing to such fear, is unwilling to return to it. In the case of a person who has more than one nationality, the term “the country of his nationality” shall mean each of the countries of which he is a national, and a person shall not be deemed to be lacking the protection of the country of his

asylum seekers as an amassing group of unworthy and duplicitous ‘interlopers’, that are able to defy many rules that citizens have to adhere. Tabloid headlines cautioned the public on the perils that can be faced from ‘bogus asylum seekers’ infiltrating their borders, whilst political discourse assumes a default position of suspicion, breeding a ‘culture of scepticism’ about asylum claims (Souter, 2011; Threadgold, 2006; Weber and Gelsthorpe, 2000; all cited by Moore, 2013). In parallel, these narratives have created a discord about the rights and status afforded to asylum seekers, and a division into two distinct groups, ‘genuine’ asylum seekers and ‘bogus’ asylum seekers (Horsti, 2007). These accounts foster the public fears around the potential exploitation of social resources and welfare benefits (Kyung Joon Han, 2013). Furthermore, according to Moore, (2013) they often position the state as manipulated and compromised – undermined by the supposed ‘abuse’ of its immigration system and its failure to deal with an ‘asylum crisis’. The assumption, that migration is merely a result of an economical gap between Europe and its surrounding areas, reflects the concept of an internal push-out and external pull-up mechanism of migration (Horsti, 2007). However, the current situation is too turbulent to be characterized with such simplicity. It does not consider the external influences of the media, neither does it consider the economical regulations and economical needs of receiving societies; instead, it seeks to blame mobility on labour migrants and asylum seekers (Papastergiadis, 2000; cited by Horsti, 2007). The split between ‘desired’ and ‘undesired’ has resulted in numerous regulatory changes, which has seen access in some instances loosened for labour migrants, and tightened for asylum seekers (with stricter internal and external controls). Moreover, asylum claimants, are often associated with criminality or terrorism, and consequently viewed as threats to public safety or national security (Moore, 2013).

Over the last decade, there have been developments and or modifications of asylum policies in many European countries to ensure stricter asylum procedures, discourage asylum-seekers and eventually a reduction in the inflow of asylum seekers. The EU expansion of 2004 and the proposed expansion of the Schengen area saw precautionary measures installed such as; a tightening of asylum policies, the introduction of an EU-

nationality if, without any valid reason based on well-founded fear, he has not availed himself of the protection of one of the countries of which he is a national’.

<http://www.unhcr.org/3b66c2aa10.html> Accessed 22.02.2014

wide fingerprint database EURODAC; to assist in the monitoring and tracking of asylum seekers, and the strengthening of the ‘Dublin regulations’;²³ to avoid a scenario of multiple asylum claims across EU Member states and to reduce the number of ‘orbiting’ asylum seekers, who are shuttled from member state to member state.

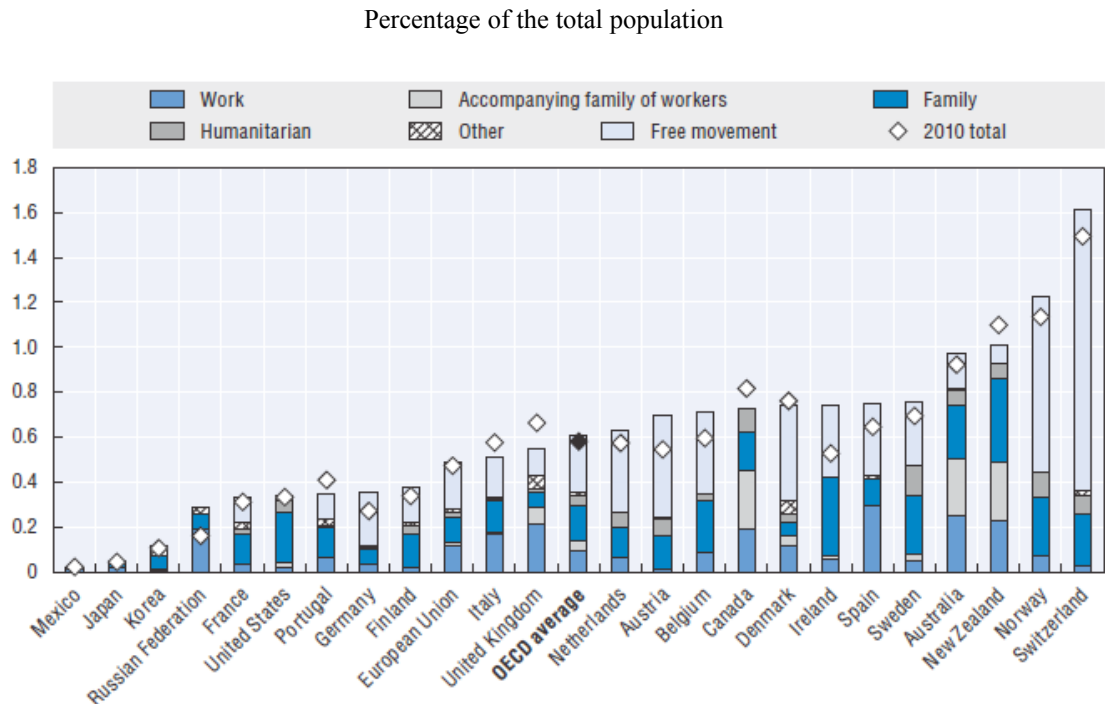
The notion that asylum seekers go ‘*shopping*’ for refuge as though uninhibited in their choice of destination, and thus pursuing the most lucrative terminus, frankly deviates from the concept of ‘*seeking asylum*’ defined by human rights legislation. Yet, there is cause to investigate this further; the general consensus maintains that very few are ‘genuine’ asylum-seekers, fleeing endangerment of their lives; the majority are instead economic migrants, in pursuance of a better life. Figure 3.1 below shows the distribution of economic and asylum flows to OECD countries and the change from 2010- 2011. Migration to European countries continues to originate largely from the European Economic Area (EEA). In Germany, Norway and Switzerland, this form of migration represented 68%, 64% and 78%, respectively, of international migration (OECD, 2001). Drawing comparisons between the Nordic states of Finland and Denmark, whose populations are relatively small with just over 5 million inhabitants each; we note a striking difference in the migrant populace. Finland appears to attract more humanitarian migrants than workers, and Denmark whose immigrant population consists largely of those with free movement²⁴ the opposite, with more workers than humanitarian migrants²⁵. Similarly, Sweden attracts more humanitarian migrants than Norway, who like Denmark, host a large percentage of migrants with free movement. The Netherlands and the UK shows a similar picture, with The Netherlands receiving more humanitarian migrants and attracting less economic migrants than the UK. The questions therefore of whether welfare acts as a pull for economic migrants and indeed whether asylum seekers engage in ‘*asylum shopping*’ are relevant, given the variation of asylum seekers and economic migrants in Western societies.

²³ Adopted in 2003, and ostensibly replacing the Dublin Convention, the Dublin Regulation is an EU law that established criteria and mechanisms for determining the EU Member State responsible for examining an application for asylum lodged in a Member States by a third-country national.

²⁴ EU-27 Countries

²⁵ This may be in part a result of recent changes implemented in Denmark to dissuade asylum seekers (see Newland, 2005).

Figure 3.1. Permanent immigration by category of entry or of status changes into selected OECD countries and the Russian Federation, 2011, and total for 2010



Notes: The values are based on standardised data. The OECD average is the unweighted average of the countries presented in the figure excluding the Russian Federation. The European Union values refer to the European Union countries included in the figure.

Source: OECD International Migration Database.

The question of why asylum seekers make applications in some countries rather than others is still an under-researched topic. Although migration theories can shed some light on this, considerations of individual circumstances may be paramount towards obtaining an answer. Studies that have attempted to examine the effects of welfare magnetism in the decision making process of forced migrants have largely been qualitative and have returned mixed and contradictory results. Forced migrants do not make conscious or rational decisions about the country of destination. Given the circumstances under which engenders the decision to flee, ‘choice’ is not available to them. Instead, travel agents used by the asylum seekers are the likely ones to have made these decisions on destination for them (Havinga and Böcker, 1999; Robinson and Segrott 2002). In our present globalized world, large numbers of forced migrants and

their extremely imbalanced dispersal presents a major challenge for public policy-makers. This challenge is compounded by the fact that one State's policies, aimed at regulating migration, they often create negative externalities for other States (Thielemann, 2012). Asylum moves are particularly susceptible to the actions of outside agents. These can sometimes be international organisations or groups (even the UNHCR) organising the resettlement of those ousted from a particular territory (Day and White, 2002). Alternatively, these moves can be organised less formally, or through clandestine networks operating as a migration channel between origin and destination, including the development of important systems of 'trafficking' (Koser, 2000 cited by Day and White, 2002).

Havinga and Böcker (1999) in a qualitative study assert that refugees or asylum seekers have less time to plan, or weigh alternatives for the most favourable opportunities. As such, it is also unlikely that forced migrants will make personal cost-benefit calculations to determine their migration outcome. Instead, they have identified three groups of factors, which they conceive explains patterns of origin and destination for forced migrants; these are, links between host and home country²⁶, characteristics of the destination country²⁷, and events during the flight²⁸. The importance of these factors they suggest rests on availability of choices during flight. Consequently, they propose that a distinction be made between 'anticipatory refugee'²⁹ movements and 'acute refugee'³⁰ movements (ibid: 44)³¹. The results of their interviews and analyses of statistics conclude that the determinant of destination for asylum applicants were more closely linked to colonial ties and to a smaller extent language (ibid: 51). The authors' caution, patterns of origin and destination cannot be attributed to a single or restricted number of factors. Essentially, it is the situation of the asylum seeker, or circumstance of flight and not the characteristics of the intended country that determines the choice of

²⁶ Colonial or historical ties, linguistics or cultural ties, migration links, political or economic relations

²⁷ Immigration and asylum policy, economic conditions

²⁸ Geographic proximity, barriers to access, controls, checks

²⁹ Anticipatory refugee- this occurs where; the asylum-seeker leaves his or her country of origin in an organised fashion in anticipation of a major problem and threat. An asylum application will not be successful until the threat is realised and change occurs at the place of origin.

³⁰ The 'acute' refugee - where an asylum application results from sudden flight - applications may occur only after movement from the country of emergency safe haven to a place seen as a longer-term sanctuary

³¹ See also Kunz, 1973

destination. Furthermore, the more acute the situation the less acute the flight and vice versa, the country of destination is typically arrived at accidentally. There is however, an implied welfare magnet effect found in their analyses, as although some countries placed restrictions on employment for asylum seekers, some like The Netherlands, still receives a substantial number of asylum claims (evidenced in Figure 3.1 above). Additionally, statistical analyses showed that asylum-seekers were inclined to go to the richest countries, suggesting that asylum-seekers go to that country which offers the best economic opportunities for their future (ibid: 54). Zimmerman and Fix (1994), Buckley (1996), and Thielemann (2006) all found evidence of welfare magnet effects, welfare payments were found to be an influence on the locational decision of refugees. Buckley (1996) maintains that recent recipients of permanent residency were likely to inhabit states with higher AFDC³² benefits; moreover, this was more evident in individuals who entered the host country as refugees. Thielemann (2008) confirms that exclusion of asylum seekers from work activity until their asylum claim is processed, has a negative effect on numbers of forced migrants to OECD countries (ibid: 465).

In contrast, studies conducted by Zavodny (1999), Robinson and Segrott (2002), and Day and White (2002) found no evidence of welfare magnet effects. Zavodny (1999) in a study of a similar approach to Buckley's determined that refugee's location was not sensitive to welfare generosity; this was true for both recently arrived refugees and former refugees (new recipients of permanent residency) (ibid: 1028). Day and White (2002) and Robinson and Segrott (2002), they argue that a mix of individual level and institutions explanations is required to understand patterns of asylum destinations. Moreover, they suggest that opportunity, coincidence, financial constrictions, security, family and friends networks, linguistics or a shared colonial past, explains the destination countries of migrants rather than welfare provisions. Robinson and Segrott (2002) established that actual or perceived persecution was the impetus for migration and not individuals' perception or knowledge of life in the destination country. Whilst, Day and White (2002) whose study conducted interviews amongst Bosnian and Somali refugees in northern England, found evidence that migration was commonly two-staged, with the first flight to a neighbouring safe haven followed by movement to a more

³² Aid to Families with Dependent Children- a federal assistance program that was a significant system of welfare in the USA, effective from 1935-1996 it was administered by states but federally funded.

permanent location. Gilbert and Koser (2006) also sought to understand the reality of why and how asylum seekers and irregular migrants came to the UK. In a qualitative study based on interviews with asylum-seekers from four different countries, they examined the extent of their knowledge about the UK prior to arrival. Results from their interviews suggested that the majority knew little or nothing about the UK's immigration and asylum policy and practice on arrival or spoke English. Furthermore, they found no evidence of welfare benefit abuse or any indication that this was intended. Indeed, as contended by other researchers, the use of agents meant that many were unaware of their final destination.

3.2 Voluntary migration and Welfare

Theories of migration holds that individuals move to places where wages are higher, moreover, the allure of potential employment has long been seen as a significant influence on migrants³³ (Borjas, 1990; Massey, 2002; and Massey *et al.*, 1993). An extension of this theory is the welfare magnet hypothesis, popularized by Borjas; which theorizes that the poor move to gain from higher welfare benefits, and 'welfare' is a consideration as potential income in the migration decision (Allard and Danziger 2000; Gramlich and Laren 1984; Schram, *et al.*, 1998). Research investigating this hypothesis has returned mixed views, some has shown a magnet effect, (Glantz, 1975; Borjas and Trejo 1991; Borjas, 1999; Brücker *et al.*, 2001), others don't (Blau 1984; Tienda and Jensen 1986; Fertig and Schmidt, 2001), and yet still, some find minimal effects (De Giorgi and Pellizzari 2006).

Usher (1977) analyses the interaction between immigrants and the welfare state in the host country. He contends that a feature of most societies is that a large proportion of property is publicly owned. Thus, the migrant, by leaving his country of birth, abandons his share of public property in that country and must acquire a share of publicly owned property in the host country. In a theoretical model of progressive taxation, where 'net wage' equates to actual wage less taxes, plus the worker's share of public services financed through the tax system. The value of net wage exceeds the marginal product of labour for the poor, but is less than the marginal product of labour for the rich. Net wage

³³ See Ravenstein (1889) for an early exploration

he asserts is thus the relevant factor in the cost-benefit equation of migration, rendering greater importance on whether the prospective migrant is rich or poor. It is assumed that the *poor* migrant in this scenario will benefit greatly from the welfare benefits of the host country (ibid.).

Immigrants, who possess a unique factor of production, are likely to be beneficial to the host country and alleviate shortages in the labour market (ibid: 1006). Nonetheless, native workers are worried immigrants would have similar levels of skills and present a competition, which will induce downward pressures on income and foster the growing feelings of uncertainty that accompanies globalization (Fachini and Mayda, 2006). Foreign labour is said to be complementary, thus bestowing a benefit to local labour markets. Foreign workers are thought to be more willing to do unpleasant or poorly paid jobs that natives wouldn't undertake. Usher, disagrees with this reasoning, he suggests that some natives will continue working in the low paid unpleasant roles, and that the complementarities between migrants and natives will disappear with time. The complementarity he proposes can only be preserved through a constant introduction of new migrants. The short-term advantage is procured at the cost of a gradual expansion of the labour force (Usher; 1977).

Glantz (1975) considered the large inflows of low-income migrants to urban US states, and sought to identify the key factors affecting their migration. Whilst those within a high earnings bracket will ignore interregional differences in welfare payments, the poor are not likely to; as these benefit payments represent viable alternatives to labour income (ibid: 26-27). Their results supported the hypothesis that the 'poor' migrated to areas, which offered higher welfare benefits and employment opportunities. Additionally the determinants of the migration of the poor is uniquely linked to the determinants of labour migration. Individuals migrate in response to regional differences in economic opportunity, and the significance of various components of economic opportunity is dependent upon the migrant's economic status. The lower a migrant's economic status³⁴ the more weight he attaches to these regional differences in non-labour income when making his/her migration decision (ibid: 35). Borjas and Trejo (1991) presented an empirical analysis of immigrant participation in the welfare system. Their findings (Borjas and Trejo, 1991), and Borjas (1999) contrast with those of Blau

³⁴ Defined by his earnings potential

(1984) and Tienda and Jensen (1986) both cited by Borjas and Trejo (1991), whose findings imply that immigrant families were less likely to participate in welfare system than demographically comparable native families, and posed no great fiscal burden. Furthermore, Blau's conclusions indicate that the level of welfare received is relatively the same for both immigrant and native families. The results of Borjas and Trejo (1991), and Borjas (1999) tell otherwise, they indicate that there is a greater tendency by immigrants to exploit the generous welfare states of developed nations. They also conclude that the chances of immigrants participating in the welfare system increases with the length of stay, although, more recent immigrants were found to be more likely participants than their predecessors (ibid; 21). Borjas (1999) in his seminal work examined the impact of migration on welfare systems and put forward the 'welfare magnet' hypothesis; in which he argues that generous welfare systems serve as a magnet pull for potential immigrants; determining the levels of immigrant inflow across U.S. states and influences the skill composition of immigrants. Furthermore, in a bid to protect themselves against labour market infractions and alleviate risks, immigrants move to countries with liberal welfare provisions. This he suggests is not simply restricted to unskilled migrants, as he ascertains that highly skilled immigrants may also aspire to live in countries with an expansive welfare system. Borjas argues that welfare serves as an immigration stimulus through several channels. Firstly, welfare benefit incentives attracts immigrants that would have not have otherwise immigrated and secondly, social security safety net provides a crutch to those who would have otherwise returned to their country of origin.

European studies on Immigration and welfare have largely been concentrated in Germany; however, an emergence of work has seen the issue assessed in the case of some Scandinavian nations (Sweden, Denmark and Norway) or inclusively in research conducted on OECD countries. German literature based on household panel survey (e.g. Bird *et al.*, 1999; Frick *et al.*, 1996; Sinn *et al.*, 2001; Riphahn, 1998: all cited in Brücker *et al.*, 2001) in general, concluded that the socioeconomic characteristics of immigrants were wholly attributable to the higher levels of welfare dependency³⁵ found. Economic, welfare state, network, geospatial and linguistic effects all play a role in

³⁵ This arises when an individual/ family becomes reliant on welfare benefits, as their main source of income and seeks no opportunity to secure paid employment. When this becomes a clear pattern of operation over a prolonged period of time, he/she is welfare dependent.

explaining migration flows between EU27 countries- interregional migration, from one to another (Warin and Svaton, 2008).

Razin and Sadka (1998) cited by Baldwin-Edwards (2002) also found that migrants as a consequence of their low earnings, were 'net beneficiaries of welfare states. Brücker *et al.*, (2002) in their research on non-EU immigrants in 11 EU countries concluded that benefits' was a determinant factor in the location choice of immigrants. This, they found was particularly the case for lower-skilled individuals, who they contend were more likely choose high-benefit locations. In their assessments they were able to define two distinct groups of countries based on similarities in welfare usage. One of these group of countries showed that non-EU immigrants and EU citizens had similar or lower³⁶ rates of usage, whilst the other group showed that the use of welfare by non-EU immigrants was significantly higher³⁷ than that of citizens. De Giorgi and Pellizzari (2006), much like Borjas (1999), considered whether the generosity of the welfare state influenced immigrants' location decision. Using data from the European Community Household Panel, and a model that considered the interaction with and between variables as well as individual characteristics, they included measures of wages, unemployment and benefit generosity. Their results concluded that benefits' plays a part in determining³⁸ location choice; nonetheless other factors were more significant such as wages. Baldwin-Edwards (2002) counsels that within all of these analytical frameworks³⁹ there are assumptions and axioms, which most authors are oblivious to, he cites some of what he considers are the main problematic assumptions used such as-

- 1) National welfare states and immigration policies are independent variables
- 2) Differing welfare states have similar *modus operandi*
- 3) Immigrants are a homogenous group
- 4) The *raison d'être* or actuality of welfare states is socio-economic redistribution

³⁶ UK, Spain, Portugal, Germany and Greece

³⁷ Denmark, Belgium, France, Austria, Finland and Netherlands

³⁸ The effect they found was small when compared to the effect of wages on location choice, which they concluded was as much as ten times greater.

³⁹ Assumptions used in migration/welfare linkages

Fertig and Schmidt, (2001) in the case of Germany contradicts strongly the findings of Brücker et al., (2002), they concluded that the level of welfare dependency was much lower for immigrants than for Germans, especially for young first generation migrants. Furthermore, they found that second generation migrants were less likely to be welfare recipients, and welfare dependency declined with duration of residency: attributable they conclude, to initial employment prohibitions for refugees and asylum seekers.

Immigration and Welfare

Other research undertaken on immigration and welfare saw some authors examining the extent of immigrant participation in welfare programs. One such study conducted by Borjas and Hilton (1996), proposes that there is a predilection of earlier immigrants receiving particular types of benefits and a strong propensity of new waves of immigrants to receive these same benefits. These two factors are strongly correlated and may be explained by the existence of networks within immigrant communities who relay information about the availability of particular types of benefits to newly arrived immigrants. Borjas and Hilton concludes that immigrant households are more likely than natives to receive some type of welfare benefit, with approximately 20.7 per cent of immigrant households at the time being in receipt of benefits compared to 14.1 per cent of natives. The welfare gap they resolve can to an extent be explained by differences in socioeconomic characteristics of the native-immigrant populations but only proportionately. Moreover, the immigrant population they intimate has a greater propensity of being permanent welfare recipients, as they incur more spells of welfare that are also longer (ibid.).

The immigration-welfare nexus as mentioned earlier has become a much-debated issue in recent years. In European countries, many are concerned with immigration from non-EU countries and the threat they pose to the sustainability of welfare systems (Bommes & Geddes, 2000). Recent research in Sweden conducted by Hansen and Lofstrom (2003) assessed the intensity of immigrant welfare usage relative to natives and also explored whether immigrants assimilated into or out of welfare made similar conclusions to Brücker et al., (2001). They determined that when observed

characteristics were controlled for, there was a higher rate of immigrants receiving welfare relative to natives. They also found that immigrants assimilated out of welfare; that is, receipt of welfare reduced with time, this coincides with Brücker et al., (2001), but lies in stark contrast with the findings of Borjas and Trejo, (1991) who showed an assimilation into welfare. Hansen and Lofstrom, (2003) however, contend that whilst usage declines in time the convergence rate is not fast enough to eliminate the differences found in immigrant-native welfare receipts in the long-term. Hansen and Lofstrom (2001), using panel data for 1990-96, find a particular problem with refugees as opposed to other immigrants. Noting that an immigrant population of 11% constituted some 50% of social assistance receipts by 1996, they conclude that there is a “welfare trap” which affects only refugees. In Denmark, Nannestad (2003) considers the sustainability of the ‘Welfare State’ in the context of population ageing. His conclusions do not bore well for Denmark’s Welfare system. Typically immigrants of non-western countries remained recipients of welfare benefits even after 10 years of residence. Furthermore, the education accomplishments of second-generation immigrants suggest that they will end up in the unskilled Danish labour market. Nannestad attributes the perpetuating problems faced by non-western immigrants and their descendants in the labour market to institutions of the Danish welfare state (ibid; 15). The generosity of social benefits impacts on this group of immigrants in two important ways; on one hand the minute difference between social benefits and the minimum wage weakens any incentive towards labour market participation, on the other, the liberality of social benefits exerts an upward pressure on minimum wages, thus inadvertently reducing the demand for low-skilled labour. Sinn (1998) also presents an argument concerning the risk of welfare state dismantling from increased factor mobility. The difficulty he proposes lies in the financing of welfare states with taxes on capital, thus he suggests that welfare states should create competition amongst each other through taxation on capital income on a cash flow basis and other incomes on the basis of a nationality principle. This scenario he envisions will allow welfare states to attract economically viable immigrants and limit an influx on those who will present a fiscal burden.

Myers and Papageorgiou (1998) in a different approach to the issue of immigration and welfare, starts by examining a model of a rich country with a redistributive public sector in the milieu of costly immigration control. Their research aimed to assess the various

immigration control policies introduced post- communism within a unified modelling context. Of particular interest to the authors was the consequence legal and illegal migration might have on the rise or potential collapse of the modern welfare state. Their study highlights the economic outcomes given a scenario of illegal immigrants gaining access to public services; they perceive that there will be a rise in the cost of border controls, increased levels of inequality, an initial (sometimes) fall in redistributive transfers, and lower levels of permitted immigration. Immigration they claim becomes detrimental to natives when illegals gain access to the redistributive public services. In these circumstances and as a cost avoidance approach, rich countries may elect to install a zero immigration quota. Should they however elect for cost acceptance, providing the costs are sufficiently small, a prohibitive quota is still enforced. As cost increases inequality rises and so too does the cost of immigration for the host. Having established that there are incentives for immigrants to emigrate for various reasons, (poor economic and living conditions, threats to personal safety etc.), we can also conclude that immigrants are sensitive to the conditions in the potential host country including welfare benefits.

3.3 Migration Flows: Europe and the Consequences of Expansion

In the present state of increasing globalization, tensions subsist amongst liberal ideals of equality (Banting and Kymlicka, 2006). Addressed by these two authors, they propose that liberals are dedicated to the notions of equal citizenship and cultural diversity. However, tensions may arise if the pursuit of multiculturalism undermines equal citizenship and the social and economic rights that institutions of the welfare state⁴⁰ are meant to guarantee. Should this happen, liberals will need to reconsider their views on equality and make a choice to either pursue multiculturalism or abandon it for the sake of the welfare state's future and vice versa (ibid: 325).

A change in the 1960s saw a movement of leftist (social democratic) parties to the centre to ensure electoral success; there was also a noted decline in further pursuits of greater equality (ibid 325). At best this strategic move has facilitated the protection of the existing welfare state institutions or at worst these institutions are being eroded over

⁴⁰ Public Education, Unemployment Insurance, health and social care, old age pensions etc.

time. Multiculturalism they argue focuses political discourse on cultural issues, often symbolic in nature, and permits redistributive issues to slip off the agenda. Moreover, Sinn (1998) argues that welfare states has a difficulty in surviving fiscal competition, particularly if the rich and poor are able to move freely across borders. With much attention placed on the importance of the nation state, and 'national pride' a motivational driver of progressive policies, common dreams and aspirations alongside citizenship, the feeling of community bond sustains the politics of equality. The danger of multiculturalism though, is the promoted rigidity and exclusivity of sectional identities, which opposes the overarching identity that citizens within a nation-state should share for successful functionality (Banting and Kymlicka, 2006).

In the context of multiculturalism, welfare states are important as a redistributive mechanism that helps to offset the inequalities found in capitalist economies by elevating those who are worst off to a level where they are able to function as equal citizens. However, the welfare state possesses other fundamental roles, such as its ability to serve as a form of social insurance to protect citizens in periods of illness, or unexpected losses of income. Continued support for welfare states requires policy support from those who are better off (skilled workers, middle and upper class), an embracing of the idea of national identity and an affinity with beneficiaries of the welfare redistribution. Although, Banting and Kymlicka (2006) contend that the more affluent liberal societies become, the more content their citizens are in seeing their created wealth be redistributed into public services and less concerned about economic equality (ibid: 329). Thus, there is no pressure to increase the redistributive impact of welfare state to resolve problems with rising levels of pre-tax income inequality. Critics though have placed the blame on multiculturalism over their concerns about the future of egalitarianism, although Banting and Kymlicka maintain that the adoption of multicultural policies cannot be held responsible for the diminishingly egalitarian outcome of the welfare state. However, Sinn (1998) suggest that as there is little difference in the relative cost of migration to EU Member states for non-EU immigrants, their destination decision are likely contingent on the economic conditions they anticipate. This leads us to believe that these non-EU immigrants may be motivated in destination choice by the generosity of the welfare state in one country over another, particularly if the conditions of the labour market bare similarities.

Whilst the model used by Borjas (1991) helps to explain the potential role of welfare

systems in attracting immigrants, it ignores the importance of other determinants of immigration such as social networks. Beine et al., (2011) advises that networks are effective in reducing the cost of migration for potential immigrants in host countries. Through these networks, immigrants can access information about labour market opportunities or welfare benefits. Another important but equally influential factor ignored by Borjas's model is that of immigration policy. When selecting a destination, immigrants are sometimes restricted and are not always permitted to migrate to the country with the most generous welfare system, even if they so desire. Not only are they faced with geographical and linguistic barriers, but also restrictive immigration policies. This paper will consider the implications that both welfare systems and immigration and asylum policies has on the variations in migration flows to Finland and the UK.

4 Methodology

Qualitative and quantitative methodologies are still widely considered in the research methods literature to belong to two distinct research traditions. Qualitative research is employed in several academic disciplines, but is usually common in the social sciences. It aims primarily to obtain an in-depth understanding into human behaviour and the reasons that govern such behaviour. It explores several aspects of the decision making process seeking to understand, how, why, what, when and where to unearth meaning and to promote the understanding of the experiences of the research subjects. Quantitative research on the other hand, is about the collection and analysis of numerical data: a systematic empirical analysis of social phenomena via statistical, numerical or mathematical techniques. It makes assumptions, test hypotheses and creates models about this 'phenomena'. It is concerned with causality. More often than not, data obtained for use in quantitative research methods are derived from some form of qualitative undertaking: surveys, interviews etc. (Givens, 2008).

Studies on welfare magnet effects have utilized either a quantitative or qualitative analysis, with the majority favoring a qualitative approach. A qualitative approach if taken would have required a finely polished methodical approach that is both financially costly and labour intensive. Moreover, results achieved may be negatively biased as interviewees may refrain from answering with honesty for fear of deportation. At the same time, inevitable researcher bias will be built in and unavoidable. Another issue to consider when undertaking qualitative research is the protection of the human subjects. However, the line of demarcation between doing 'good' and avoiding harm is blurred in the interest of achieving research aims. Ethical issues, though present in any kind of research, are subtler in qualitative research. Through the application of ethical principles, which are imperative for any research, doing harm can be avoided (Orb, et al, 2000). For the quantitative researcher on the other hand, ethical considerations may arise in various areas of the research process; from data collection, to the formulation of research questions and the manner in which the information collected is analyzed and reported. Ethics in this instance speaks more of the moral framework surrounding the

research as opposed to bringing/ causing harm directly to an individual. This research will apply a descriptive analytical approach of pooled data obtained from EUROSTAT, OECD, and the ILO on inflow of foreign population, inflow of asylum seekers, employment/ unemployment of natives relative to immigrants, social expenditure as a percentage of GDP and also social expenditure by welfare components.

5 Modern Welfare States, Immigration and Asylum Policy, and Trends in Migration Flow

In the last four decades the imminent and perceived demise of welfare states has been a cause for grave concerns of classical economists. They have predicted that economic growth will not only slow down, but will cease altogether as a result of population growth and the law of diminishing returns on the land. Moreover, they envisaged that this would have adverse implications on the economic aspects of social welfare (Zolotas, 1981). As such, recent waves of migration and increased industrialisation along with the presence of labour market imperfections, creating overloads on existing social programs have increased scepticism and concerns regarding the future of welfare states. Whilst some may attribute the strains on public welfare systems to market failures, others argue that there is also a possibility of welfare state failures. That is, the structure of social security programmes in many countries are ‘frozen’ and rendered incapable of adequately responding to the new risks and needs/wants (Esping-Andersen, 1996).

After a society has secured the satisfaction of its members in meeting their basic needs, and has reached or is approaching a stage of affluence, options and processes emerges. Man, having had his basic needs met, becomes a modern Sisyphus, forever chasing the elusive ‘happiness through continuous fulfilment of increasing wants. Economic growth he surmises constantly creates new wants (Zolotas, 1981: 10). Each stage of economic growth presents a variety of socio-economic institutions, alterations in interpersonal relationships, and even environmental changes are exposed. Sown in the early stages of social organisations, the advanced stages of economic growth, when the one-to-one correspondence between growth and social welfare tends to deteriorate, is the point where these changes attain their greatest importance (ibid: 7). The increasing divergence between economic growth and augmented social welfare of rich societies is attributed to consumerism and the negative effects of growth on social welfare. An increase in per capita national product was previously viewed as an increase in social welfare, and Zolotas argues that this association between growth and welfare prevented a distinction from being made between positive economics and economics of welfare. Whilst positive economics allows one to test the conclusions of theory against, reality, economics of welfare only allows for the testing of assumptions, generating normative conclusions (ibid: 31). Though, he advises that the use of economic growth as a proxy for social welfare is unreasonably restrictive, and possibly a misleading indicator of it, particularly with reference to advanced industrial economies. Neo-liberals, suggest that

the path to growth and prosperity is paved with flexibility and deregulation (Esping-Andersen, 1996). The belief is that economic modernisation is eroding old institutions of social integration. Yet, policy makers fear that such moral and political goals may threaten their comparative economic advantage (cheaper labour), traditional elite privileges, or social culture. Non-inflationary demand led growth is virtually impossible to achieve, given the decline in the industrial sector; the service sector is relied on, should full employment be desired. Yet, conventional families are eroding, both male and female are breadwinners, birth rates are falling, increasing life expectancy, and non-standard life course (ibid: 18), present what can only be viewed as a challenge to welfare states and their capacity to address the demands of their citizens.

5.1 Three Worlds of Welfare Capitalism

Welfare states are concepts of government, which places a key role on the state to protect and promote the economic and social welfare of its denizens. Based on the principles of equality, equitable wealth distribution, and public responsibility for those unable to attain the minimal standards of living, the welfare state is a unique combination of democracy, welfare, and capitalism. Initially created as a political project of nation building that provided affirmation to liberal democracy against fascism and bolshevism, they promised to provide a universal, egalitarian impartiality and solidarity of 'the people' and presented a ray of hope in the war period (Esping-Andersen, 1996). Many countries have since become self-proclaimed welfare states, to foster national social integration. Scholars are particularly interested in the paths taken by some western countries in the development of their welfare states, such as, the US, Germany, Britain and the Nordic countries. According to Esping-Andersen, (1990) welfare states should be recognised as structures of social stratification and not just simply as mechanisms for providing benefits to the needy. In a bid to understand the modern welfare state, its evolution and complexity, varying approaches have been taken. Whilst some suggest that the welfare state is a function of industrialism, formed to rescue modern capitalism from the penurious multitudes, others, have taken an institutionalist approach. Esping-Andersen (1990) conceptualized that there are three distinct welfare forms of welfare capitalism, classified and analysed according to their characteristics: corporatist, liberal and social democratic.

Table 5.1. Decommodification Scores Revisited

Combined decommodification scores (original data 1980 ^A)			
Esping-Andersen Calculations ^A		Actual Calculations	
Australia	13.0	Australia	13.0
USA	13.8	USA	14.2
N. Zealand	17.1	N. Zealand	17.1
Canada	22.0	Canada	22.0
Ireland	23.3	Japan	22.3
UK	23.4		
Italy	24.1	Ireland	23.3
Japan	27.1	UK	23.4
France	27.5	Italy	24.1
Germany	27.7	France	27.5
Finland	29.2	Germany	27.7
Switzerland	29.8	Finland	29.2
		Switzerland	29.8
Austria	31.1	Austria	31.1
Belgium	32.4	Belgium	32.4
Netherlands	32.4	Netherlands	32.4
Denmark	38.1	Denmark	38.1
Norway	38.3	Norway	38.3
Sweden	39.1	Sweden	39.1
Mean	27.2	Mean	26.9
SD	7.7	SD	7.8

Sources; Esping-Andersen (1990) and Bambra (2006)

Esping-Andersen (1990) estimated decommodification scores for selected OECD countries; these scores represent a measure of the extent to which an individual's welfare is reliant upon the market. The Social democratic countries (Norway, Sweden, Finland and Denmark along with Austria, Belgium and the Netherlands) had the highest scores. Conservative welfare regime countries of Italy, Germany and France had the second highest scores, with the lowest scores being reflected in liberal states (UK, US and Ireland). Bambra (2006) revisited Esping-Andersen's approach and made recalculations as it was felt that the estimates of Esping-Andersen were flawed. Her estimations showed different values for Japan and the USA only.

The Corporatist/ Conservative Welfare Regime

Corporatist welfare regimes are common amongst continental European countries and are influenced by the Catholic Church and the authoritarian conservative states; the most common among these is the German welfare model of Bismarck. Entitlement is attached to individual status within the labour market, thus welfare systems tend to consolidate existing social structures (Hilson, 2008). To understand the historical evolution of interest organizations and institutions corporatist regime, it is important to understand the influences that were at work within Europe at the time. According to Ebbinghaus (2012), there were three influential ‘cleavages’⁴¹ useful for understanding the social structures and their existence in countries across Europe: first, the labour and capital cleavage, second, the church and state cleavage, and third, the revolution and reform cleavage (ibid.). The labour-capital cleavage assisted in the formation of the socialist union movement in Europe, the second, the Church-State cleavage, was the motivation for the Christian labour movement, and finally, the revolution-reform cleavage was related to the emergence of anarcho-syndicalist⁴² and communist union movements (ibid.). When examining the history of the corporatist regime, as noted before the church-state cleavage was the most dominant influence, and meant that traditional patterns of family relationships were reinforced by the welfare state, it extends as far as encouraging single income households through high taxation on dual income (Scruggs, 2006). Thus discouraging female labour-force participation. These conservative states were driven by a desire to maintain order and status, which they accomplished through the establishment of ‘social insurance funds’⁴³ that rewarded work performance and status. Unlike the Social Democratic regime, this regime does not seek equality; instead social insurance benefits are linked to labour-market benefits, which increase with age and length of coverage. Formed and operated by governments or labour associations, they are self-governing independent organizations that hold a public status, as such, contributions are mandatory and wage deductible. In Germany, a corporatist welfare state, eligibility is secured by permanent residency, a range of benefits including unemployment benefits are awarded based on status and length of contributions to the system. There is therefore no differentiation between native and immigrant workers in the financing of the welfare system. Corporatist welfare regimes

⁴¹ Enduring societal conflicts, operating by separating the social structure into collectivities, some of which may represent different interests.

⁴² The basic principles of anarcho-syndicalism are solidarity, direct action, direct democracy and self-management of workers.

⁴³ Old age pension, health, unemployment, accident insurance, etc.

influences migration through labour, and are normally responsive to immediate and future demands of the economy, e.g. Germanys' guest worker schemes after WW11.

The Liberal Welfare Regime

Means-tested programs and modest universal benefits based on public services or insurance schemes are characteristics of liberal welfare regimes. Scruggs (2006) suggest that they are characterized by an emphasis on market outcomes with limited social rights. Both the United States and the United Kingdom are classified under Esping-Andersen's liberal model (other countries with liberal welfare states are, Australia, Canada and Switzerland), yet the levels of welfare capitalism are extremely different with regards to the governing and financing of the welfare state. Whilst the corporatist structures have been modified to incorporate post-industrial class structures, and the social democratic states emphasizes the principles of universalism and de-commodification of social rights, which extends to the middle class. Liberal welfare states minimize the effects of de-commodification and initiate an edict of social stratification; a relatively equal blend of welfare beneficiaries and poverty (Esping-Andersen, 1990). Typically catering to the low paid working class and dependent citizens, they cover only the bare minimum benefits needed to survive. As a result, the poor are stigmatized and the middle class turns to the private sector for access to higher levels of benefits, such as private pensions and insurances.

The problem with liberal welfare regimes is that they are politically unpopular and sometimes unsustainable in the long-term. They generally exclude the majority from accessing these welfare benefits, and create a segmented society of two-classes, an affluent middle class, and a public service dependent impoverished. Britain's welfare state today is a hybrid system of government and private industry control, health care is almost entirely managed by the government with all citizens insured under the National Health Service. There is though a reliance on general taxation to fund these services, the enactment of the National Insurance Act 1911 and establishment of a national insurance contribution ensures that both unemployment and health benefits are funded. Immigrants' access to social security benefits like that of the rest of the population is dependent on their labour market participation and payment of social security taxes.

Although stemming from liberal roots, Britain's welfare state developed under the Beveridge plan, into a model where universal benefits and services were significantly extended by a paternalistic state.

The Beveridge Report of 1942 counseled the government to take steps to provide citizens with adequate income, health care, education, shelter, and employment. It suggested that all of working age should contribute weekly payments of National Insurance contributions, which would enable it to assist the poor, elderly, unemployed and infirmed (Gregg, 2008). Following these recommendations, the National Health Service provided free health care to all citizens and, a universalistic child benefit for all parents (rich or poor) was introduced.

The Social Democratic/Scandinavian/ Nordic Welfare Regime

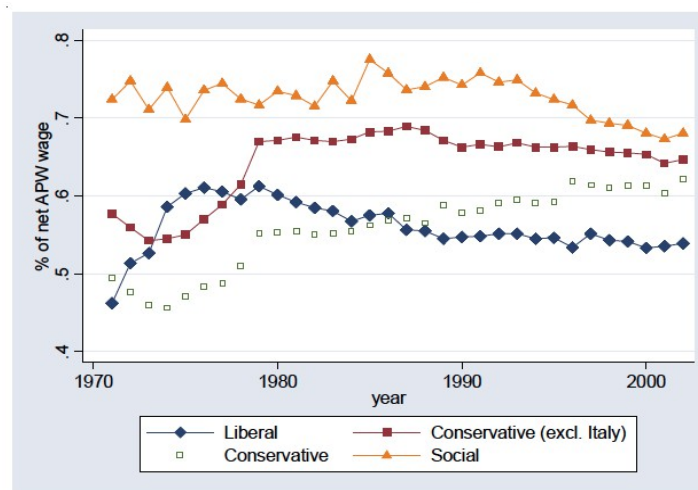
Recognized for its comprehensiveness, far-reaching abilities and its ambition, the history of the 'Nordic Model'⁴⁴ is rooted in the class alliance between the industrial working class and the small holders (red-green coalitions of the 1930s). Expanded by a dominant social democratic party to adjust the welfare state to the growing expectations of an increasingly prosperous populace, it embodies their ideological commitments to social equality and solidarity (Hilson, 2008). A universalistic model which emphasises redistribution, it permeates all aspects of the people's lives, and has enjoyed a reputation for combining generous welfare state entitlements with rapid economic growth, low unemployment and high levels of labour force participation, particularly among women (Stephens, 1996). The welfare states in this model are considered as genuine sources of income and therefore inflict fewer stigmas on its recipients (Scruggs, 2006). Within this model, the enjoyment of benefits and services are relatively independent of an individual's performance in the labour market and is equal to need. Characterized also by an extensive service orientation, entitlements are usually the same across class spectrums. Financed principally by general taxation, Scandinavian models are not merely safety nets for those less fortunate (Hilson, 2008). There are therefore greater levels of income equality, ensuring the highest level of service and electoral support of the welfare states from its citizens. They have according to Stephens, achieved the

⁴⁴ The Nordic/Scandinavian model refers to the economic and social models of the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden).

elusive combination of social equality and economic efficiency. Fears surrounding the maintenance of such generous welfare states are grounded in their ability to resist changes. Designed to maximise the competitiveness of domestic manufacturing export sector, these welfare states are resistant to changes induced by international competition. International competitiveness Stephens cites is required to maintain these generous welfare systems.

To compare the generosity of states, Scruggs (2006) presented a graphical representation of unemployment replacement trends by type of regime. Unexpectedly, the conservative regime showed an uncharacteristically low trend, a departure from the portrayal and characteristics of these regimes, laid out above. However, at the time of these estimations were driven by Italy's extremely low unemployment replacement benefit (ibid: 353). An exclusion of Italy saw a marked difference in performance.

Fig 5.1. Unemployment Replacement Rate Trends, by Type of Welfare Regime



Source: Scruggs 2006.

5.2 Immigration and Asylum Policy and Trends in Migrant flow

In practice, distinctions should be made between economic and forced migrants, as political and economic triggers (and related pressures) frequently impinge on an individual's decision to migrate. Immigration policies are varied and changeable by

both liberal and restrictive elements (Sasse and Thielemann, 2005). Immigration policies are designed primarily to meet the objectives of a country's economic policy. The interaction between immigration policy and welfare state design is two-dimensional; whilst immigration policy affects the welfare state; welfare state design also affects the feasibility of goals in immigration policy.

Domestic Policy Context

Emergent concerns about labour market shortages and demographic trends have seen some states becoming more welcoming to selected groups of migrants. This has resulted in increased policy liberalization for some, such as is the case in Germany, which recently introduced legislation that allows highly-skilled workers eligibility to obtain a permanent settlement permit on entry. Comparably, the UK who had long since adopted a liberal policy towards highly skilled workers through a work permit scheme, continues to do so. They also recently introduced a five Tier Australian style points-based system, which radically changed the way immigration applications are assessed for individuals outside the EU and European Economic Area (EEA). It affects those seeking to work, study or train in the UK and re-categorized over 80 different routes to employment and education in the UK. Depending on which tier, points are awarded on the basis of; age, qualifications, experience, income, maintenance and language proficiency. Such policies allows for selective inflows of migrants. Finland on the other hand, amended their policy to encourage immigrants' integration and prevent discrimination. This new policy hopes to support the development of a pluralistic society and to boost Finland's international competitiveness. They propose to accomplish this through the implementation of measures aimed at improving the employment rate of immigrants, address equality in the work-place, develop the integration policy further and improve on processing times for asylum applications⁴⁵. Bisin et al. (2011) in a study on integration of immigrants within European states, found that a strong ethnic identity of immigrants encouraged positive labor market policies that generated positive impacts on employment probability. However, this access to nationality may have a negative effect on the prospect of employment and may help to explain why some countries performed worse than others. Arguably integration if pursued and when connected with easy

⁴⁵ For more information see www.migration.fi

access to nationality and a generous welfare state generates a negative impact on labor market participation. Bisin et al., conclude that Naturalization on its own cannot determine the probability of employment, and may have some bearing on the link that exist between citizenship or residency and access to welfare benefits.

Europe perceives itself as having a problem with ‘illegal immigrants’ and has introduced several measures to clamp down on the number of applications it receives. Some of these measures have included restricting access to welfare and legal support, introduction of fast-tracking procedures and increased provisions that would allow detention or deportation of migrants. Neumayer 2004 implies that asylum seekers place preferences on some destinations over others (e.g. Switzerland, Sweden, Germany), and have prompted calls for an equal burden sharing amongst EU countries. Finland for example, despite its generous welfare state and strong economy attracts very few asylum seekers (see Fig 5.2.5 and 5.2.6). Despite the fact that the number of asylum seekers in Western countries has decrease significantly since the 80s and 90s, many are still concerned and are taking drastic measures to restrict access to their asylum systems. Switzerland introduced restrictive policies that would exclude from asylum those who are unable to produce valid travel documents, and have also initiated steps that allow them to share information with the asylum seeker’s home country. This potentially endangers the asylum seeker should their claim be refused. Denmark has taken a step further and has discarded the consideration of humanitarian migrants to those fleeing conflict (Newland, 2005).

EU Policy Context

Continued EU enlargement places on the policy agenda a focus on minority protection. Accordingly, ‘respect for and protection of minorities’ formed part of the EU’s political conditionality enshrined in the first Copenhagen criterion. Its effectiveness is debatable, yet it is clearly now a EU objective. EU policies have been effective in respect to migration, particularly with regards to the deregulation of the movement of its citizens and the management of forced migration from non-EU countries. This coordinated European approach to asylum and immigration policy ensures that asylum applicants receive the same treatment across all Member States. The responsibility for the rules

and regulations concerning economic migrants and family reunification rests with each Member State. EU integration has entitled its citizens to four freedoms including free movement and the dissolution of systematic passport checks at conterminous and national borders.

Among Member states, a variety of policies were introduced aimed at restricting migration; improving integration; encouraging high-skilled migrants; or encourage financial capital investment. Many introduced restrictive policies towards foreign recruitment, as a means of protecting their workforce in the milieu of rising unemployment. Simultaneously, they have also introduced measures to ease the situation for foreign workers who have lost their jobs, by allowing them to remain and seek other employment. Apart from the UK, others are adopting points based systems as it allows them a greater degree of flexibility in candidate selection. Some governments on the other hand are placing emphasis on programmes to attract investment, whilst others are being innovative and introducing job-search periods for recent international graduates to encourage them to remain. Finally, The EU Blue Card Directive has been implemented in many European countries, with conditions varying by country and sometimes alongside their own regimes (Finland introduced this directive in 2012), (OECD, 2013).

Table 5.2.1 Welfare and Immigration Policy Regimes by Country

Country	Welfare Regime	Immigration Policy Regime
Finland*	Social Democratic – Citizenship Based Entitlement	Exclusionary - Rights based on lineage primarily (<i>jus sanguinis</i>)

France	Corporatist – Market Based Entitlement	Inclusive - Rights based on place of birth (<i>jus soli</i>)
Germany	Corporatist – Market Based Entitlement	Exclusionary - Rights based on lineage (<i>jus sanguinis</i>)
Sweden	Social Democratic - Citizenship Based Entitlement	Exclusionary- Rights based on lineage (<i>jus sanguinis</i>)
United Kingdom*	Liberal – Needs Based Entitlement	Inclusive- Rights based on lineage and place of birth (<i>lex sanguinis/ lex soli</i>)
United States	Liberal – Needs Based Entitlement	Inclusive – Rights based on place of birth (<i>jus soli</i>)

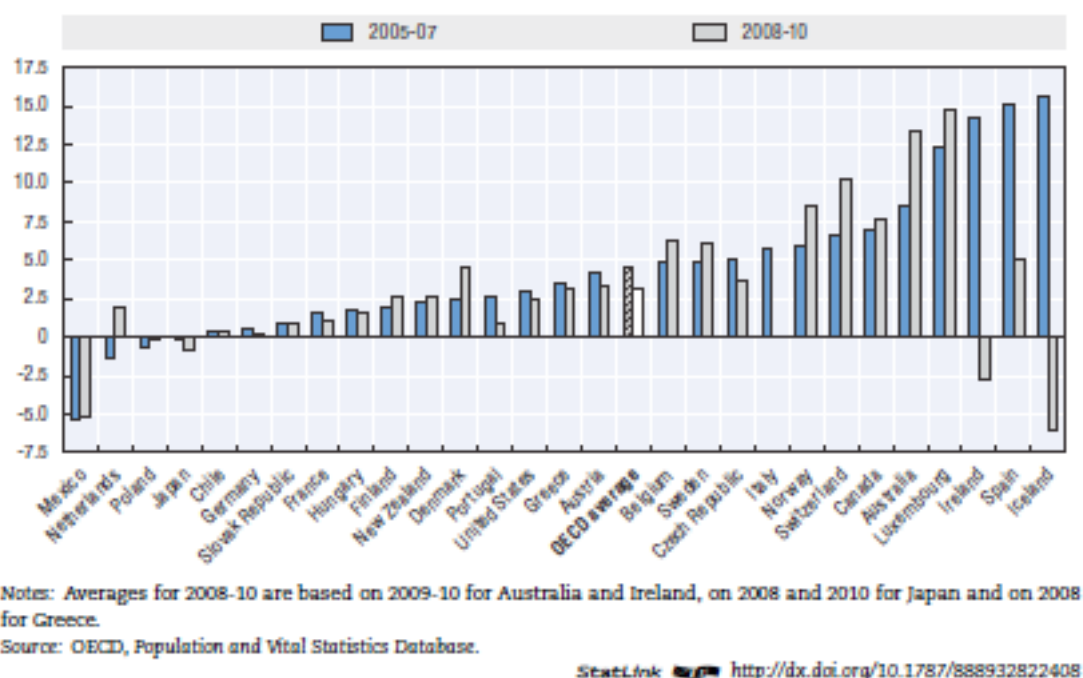
*Authors own assumptions *Denotes the countries of focus in this*

research

Table 5.2 above shows six countries, their welfare regimes and immigration policy regimes. Finland and the UK as noted boast different policy regimes and welfare states, policy here is based on access to citizenship and whether it encourages inclusion (multiculturalism) or discourages. If we apply this same consideration to the magnet pull effects of welfare we can conclude that the difficulties of obtaining citizenship may be a dissuading factor in the migration decision for migrants. This assumption though, may not be strictly true, historically migrant receiving societies of Sweden and Germany both apply exclusionary policies, yet still, despite reductions in inflow, they both receive among the highest claims for asylum within the EU.

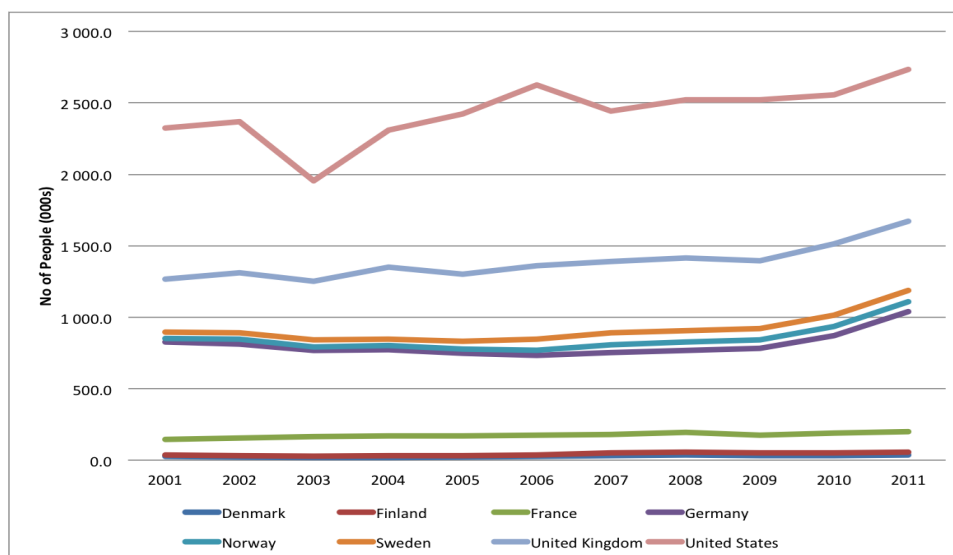
Trends in Migration

Fig 5.2.1 Average annual net migration rates, 2005-07 and 2008-10 per thousand population



The Great Recession itself has had differential effects on net migration (Figure 5.2.1), depending on the extent to which a country was affected by the economic downturn. Average annual net migration in the OECD for the large part remains positive, although for Iceland, Ireland and Japan a negative net migration was recorded in the period 2008-10. Others who were hard hit by the effect of the financial crisis were Portugal and Spain, which saw heavy declines in net migration. Of countries that appeared to have not been affected by the recession, the Netherlands, Denmark, Norway and Switzerland's net migration were relatively high, even greater than the period recorded prior to the recession.

Fig 5.2.2 Inflow of Foreign Population, 2001-2011 (Thousands)



Source; OECD; Author's own elaboration

Unsurprisingly given what we have learned thus far, inflows of foreign population to Finland remains relatively low and steady with no significant peaks or troughs. The UK on the other hand shows a steady incline. The other Nordic countries of Norway and Denmark continue to receive steady increases. What is Finland doing right or wrong— from a welfare state outlook, the fact that foreign nationals whether EU or non-EU are not beating at the doors of the generously comprehensive state, low levels of migration inflow are welcoming. However, with a looming demographically ageing population will they need to implement policies to attract more foreign nationals? Noticeably the inflow of foreign population appeared to have evened out in 2008, but has since seen greater increases in 2010-11 for Denmark, Germany, Norway, Sweden and the United Kingdom, an indication that the effects of the Great recession affected migration to these countries. Accordingly we can therefore infer that migration flows to Finland and France were not impacted on by the crisis and remains relatively the same over the last 10 years, whilst the US, after a decline in 2003, shows also continued increase in foreign inflow.

Table 5.2.2. Immigration flows by Nationality of total inflows of EU citizens

Immigration flows by nationality in per cent of total inflows of EU citizens

	Receiving country														Total
	Luxembourg	Portugal	Belgium	United Kingdom	Spain	Denmark	Netherlands	Sweden	Greece	Austria	Germany	Finland	France	Italy	
EU foreigners by nationality	1999	1998	1999	1998	1998	1998	1998	1998	1998	1998	1999	1999	1998	1999	
Austria	0.5	1.2	0.9	0.1	1.5	2.1	1.8	1.1	3.6	–	8.8	1.8	1.0	4.6	4.2
Belgium	16.4	3.7	–	1.2	5.8	1.9	9.7	1.1	3.2	1.4	1.5	1.1	6.7	3.5	2.6
Germany	8.5	22.0	11.0	13.3	31.9	20.9	23.8	13.7	26.2	52.7	–	12.4	10.7	24.2	11.5
Denmark	2.0	0.9	1.4	3.8	1.4	–	2.0	13.4	3.6	1.7	1.8	4.5	1.4	2.1	2.4
Spain	1.3	18.7	4.2	9.8	–	6.4	5.8	3.4	0.9	2.4	6.1	3.1	9.2	10.6	6.2
Finland	1.0	1.0	1.5	2.4	3.3	5.0	2.5	35.9	4.1	2.6	2.1	–	1.1	2.0	3.1
France	26.6	15.7	28.3	22.0	12.1	9.6	10.3	7.2	14.7	5.1	11.3	7.0	–	19.6	15.0
Greece	1.0	0.4	2.2	18.3	0.2	1.5	3.4	2.4	–	4.0	13.0	2.0	1.4	7.3	9.9
Ireland	1.3	0.7	1.2	2.8	0.9	1.7	2.7	1.6	1.0	0.9	2.0	1.7	2.0	1.6	2.0
Italy	6.7	7.6	9.3	14.2	8.9	6.8	6.9	3.5	9.1	10.4	25.8	4.9	13.8	–	16.4
Luxembourg	–	0.3	0.7	0.0	0.1	0.0	0.1	0.0	0.1	0.3	0.5	0.0	0.3	0.1	0.3
Denmark	2.7	6.9	22.1	4.2	4.9	7.6	–	4.2	6.6	4.2	4.8	3.8	3.1	4.5	5.8
Portugal	25.1	–	4.7	3.6	6.4	1.2	3.7	0.8	0.3	3.2	10.9	0.3	31.9	3.6	7.7
Sweden	1.7	2.3	2.0	4.4	2.4	18.4	3.3	–	7.1	3.4	2.5	44.6	2.5	3.0	3.5
United Kingdom	5.2	18.7	10.8	–	20.4	16.8	23.8	11.8	19.5	7.6	8.9	12.9	15.1	13.3	9.5
Total EU citizens	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
% in row	2.5	0.9	8.4	20.5	6.7	2.4	6.0	2.5	0.9	3.6	40.6	0.5	1.8	2.8	100.0
In per cent of total inflows of foreigners	69.7	50.9	48.5	47.5	38.8	27.7	24.4	23.4	22.9	20.2	20.1	19.2	6.1	..	26.2
Stocks (in 1998):															
EU foreigners (% of total foreigners)	89.0	26.3	62.2	18.5	42.7	20.5	28.0	33.9	..	13.0	25.1	18.7	36.6	13.7	..
EU foreigners (% of total population)	31.0	0.5	5.5	0.7	0.7	1.0	1.2	2.0	..	1.2	2.3	0.3	2.0	0.3	..

Source: Eurostat, New Cronos database.

Intra-EU migration in 1998/1999 saw Italy, France and Germany being the leaders, with 16.4%, 15% and 11.5% respectively, of EU foreigners migrating to these countries. Choice of location appears to be linked to geographical location, historical, colonial or linguistic ties in some instances- French citizens represented 26.6 % of foreign inflow to Luxembourg and 28.3 % inflow in Belgium. Similarly, Germans accounted for 52.7 % of the inflow to Austria, and likewise, of Austrians favoured Germany. This coincides with the conclusions of Brücker et al., (2001) who cited geospatial, economic, welfare state, network, and linguistic effects in explaining migration flows between EU27 countries. Fig (5.2.3 and 5.2.4) both shows a representation on international migrant flow by area. Europe reported the highest annual percentage change in international migrants in 2013 as well as the most international migrants. Although, the average annual change was less than the last period, it continues to be the area where international migrants go. However, do not be fooled by this interpretation, as pointed out earlier Intra-EU migration is common, with most EU citizens migrating within rather than out of the Economic area.

Fig 5.2.3 Average annual change in the number of international migrants by major area, 1990- 2013 (millions)

Fig 5.2.4 International migrants by major area, 1990- 2013 (millions)

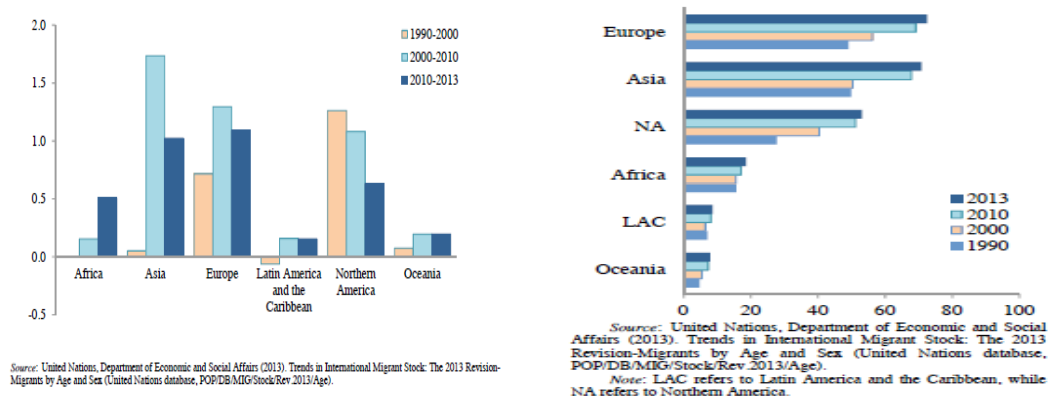


Fig 5.2.5 Inflow Asylum Seekers to Finland and UK, 2001-2011

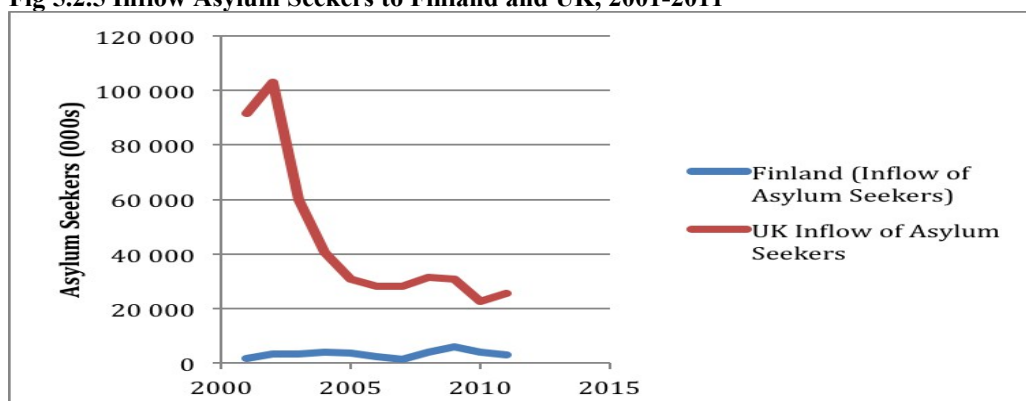


Fig 5.2.6 Asylum claims in 38 Industrialized Countries 1980- 2004



The years 2002- 2005 saw a sharp decline in the inflow of asylum seekers to the UK, peaking at over one 100,000 in 2002, by 2003, the volume of applications had reduced by more 40,000. Simultaneously, whilst not by a comparatively equitable volume, Finland's inflow of asylum seekers increased by nearly 2000, from 1651 to 3443 applications, and continued receiving similar volumes of asylum application for the following three years.

A look at the UN High Commissioner for Refugees report of 2005 shows that this trend was not just a phenomenon in the UK, but one reflected in over 50 industrialized nations, that also recorded significant declines in asylum claims, with a cumulative decline of more than 40%. Furthermore, traditionally low asylum receiving countries witnessed an increase in asylum claims during this period including as previously mentioned, Finland. Newland (2005) claims can be attributed to the war in Iraq, as more than a third of reductions were manifested in countries, which saw reductions in conflict, increased stability and government regime changes that reduced human rights violations.

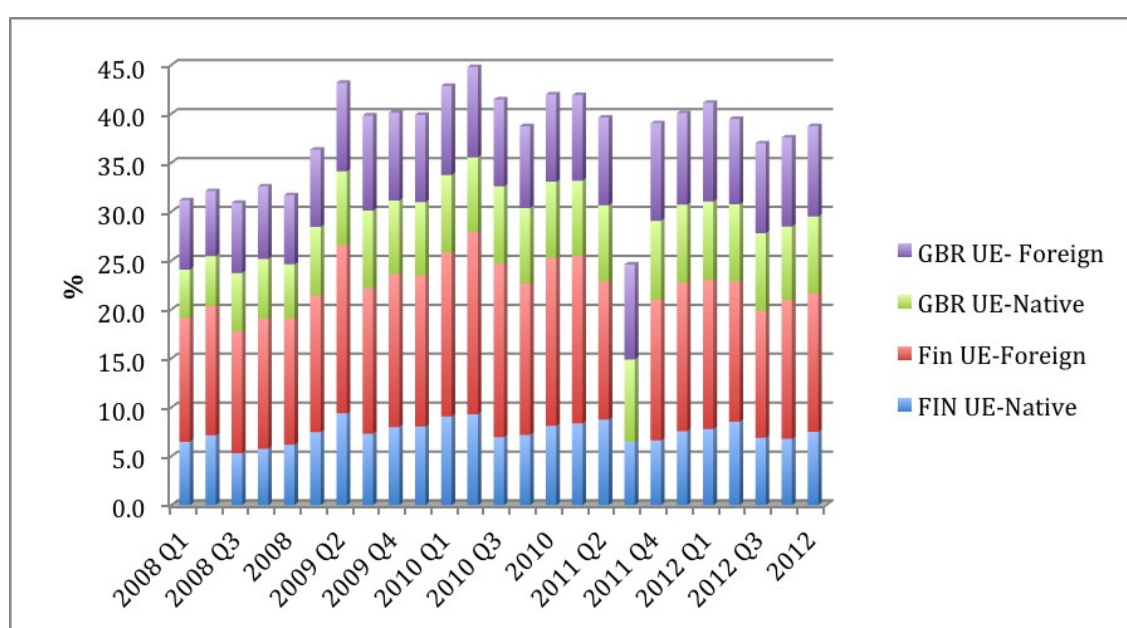
5.3 Labour Market Participation and the Impacts of Migration

Kolberg and Esping-Andersen (1996) argues that labour markets are systematically and directly shaped by welfare states. As such, cross-national differences in labour market behavior are expected, and attributable to differing welfare regimes. Labour markets are not autonomous and modern welfare states are no longer systems of provision. Instead, they have become employment mechanisms and have constituted the only source of employment growth at one point in time (ibid.). Reitz (1998) cited by Kogan (2003) states that the structural integration of immigrants is dependent on welfare regimes, labour market structures and immigration policies. The importance of these institutional settings“ fluctuates across time and societies, and each institutional element is mutually dependent on the other.

Welfare states may affect immigrants’ labour market integration both prior to (self-selection influenced by welfare magnet pull/ policy responsiveness) and after immigration (labour market structure and integration policies of the welfare state). With evidence suggesting that the world economy is still recovering from the recent economic crisis of 2008, Europe is still burdened by an ongoing recession. Disappointingly an imminent labour market recovery is still distant from the horizon. The recent economic crisis and its dramatic effects on the labour markets of many OECD countries have led to increased labour market marginalisation for the most vulnerable groups. Among these groups, immigrants have been heavily affected, and often to a greater extent than their native-born peers (OECD, 2013). Comparisons of

recent labour market trends of immigrants relative to natives illustrates this point further, see below (5.3.1). Across the OECD countries, unemployment rate of the foreign born population rose by 5 % and natives an increase of 3%, the crisis was found to have widened already existing gaps in the labour market outcomes of migrants within OECD countries. The recent OECD report argues that, the progress made in recent decades my migrants have been extensively affected by present economic conditions.

Fig 5.3.1 Percentage of Unemployed Immigrants and Natives in Finland and the UK, 2008-11



Comparably, the unemployment gap of UK natives relative to UK foreign-born shows for the most part a 1% - 2% difference in unemployment rate. This is not the case for Finland, the differences in unemployment rates of natives relative to immigrants is evident and is as much as 10% percentage points different across each financial quarter represented. This implies that the expenditure on unemployment benefits for natives and foreigners in the UK sits close to each other, whilst, in Finland it is expected that more foreigners may be in receipt of welfare benefits. Unemployment, welfare dependency and negative attitudes towards foreigners are issues, which are tightly interwoven and feeds off each other.

Substitution of Low-Skilled Labor

Immigrants historically saturate the low-skilled labour markets of host countries; likewise, they are also most likely to be unemployed. In migrating from one country to another, unless work was sought and acquired prior to entry, uncertainties will exist with reference to obtaining employment in the new location. Thus, the migrant may weigh the expected income in an area on the probability of obtaining employment in that area. The probability of obtaining employment from area Ψ estimated as a positive function of employment availability at area Ψ , and information to Λ worker, the worker will migrate from Γ to Ψ , if the expected present value of future income at area Ψ is great than that at area Γ . Allowing for a positive wage rate differential to be offset partially or completely by a low probability of obtaining employment. Given that non-labour income are classified as either 1) property transfer payments or 2) welfare payments, we can assume that even should the worker not find employment, that an evaluation of the 'non labour' welfare income that he/she will obtain in the host country equates to a greater value than would have achieved by staying in their home country.

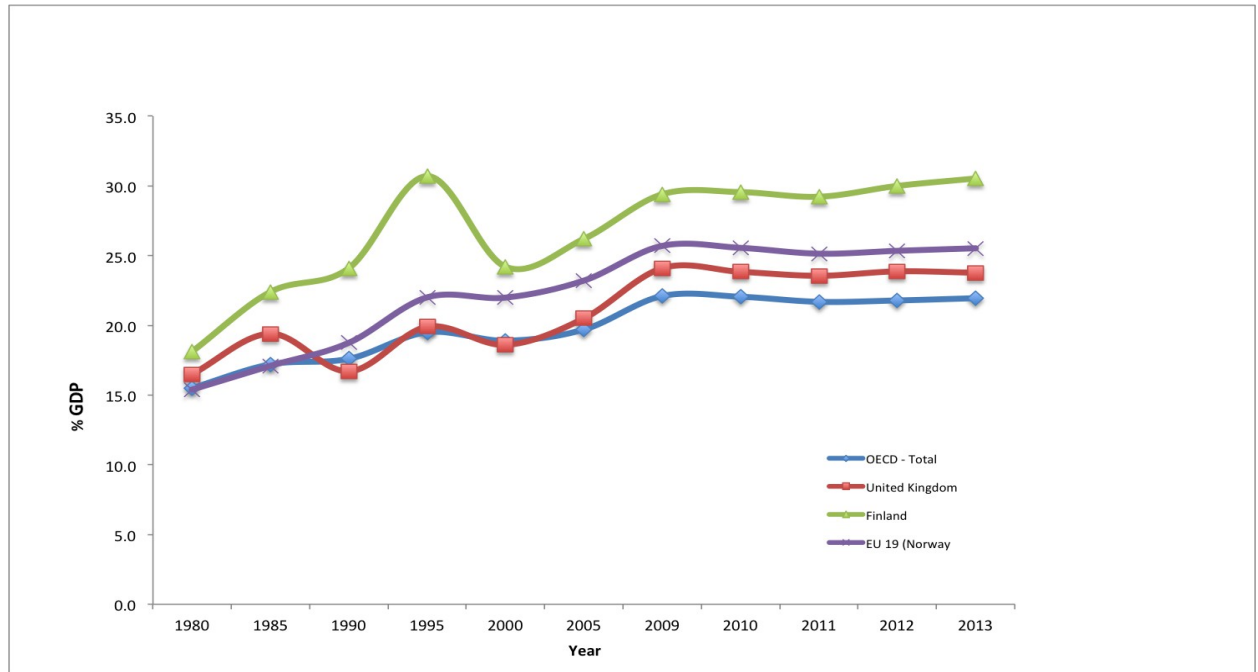
5.4 British and Finnish Welfare State Models; Magnets of Migration?

Finland's social welfare model is continuously evolving. Whilst it presently falls somewhat short of its Nordic contemporaries, its social welfare patterns are converging, especially with respect to direct service delivery and social expenditure relative to GDP, which is transferred into welfare programmes. Finland departs from the Nordic model with regards to the level of employee's contribution to social security relative to their employers, having relatively higher contributions than their Nordic counterparts. However, in comparison, UK's employee's contributions are still greater. Add to this the high levels of unemployment in European cities; further credence is given to the exploration of welfare generosity in the migration decision.

Does the welfare state act as a magnet for immigration? Do immigrants take into account the generosity of the welfare state when choosing their country of destination? Is the financing of welfare states burdened by this factor? And is there an adverse effect on the skills distribution of migrants. Welfare benefits are generally awarded on a contributory basis through unemployment insurance or public pension provisions, or non-contributory, via income support programs or other means-tested programs

designed to alleviate poverty and improve the social and economic conditions of those in need. Entitlement and coverage varies between countries.

Fig. 5.4.1. Social Expenditure in % GDP over time

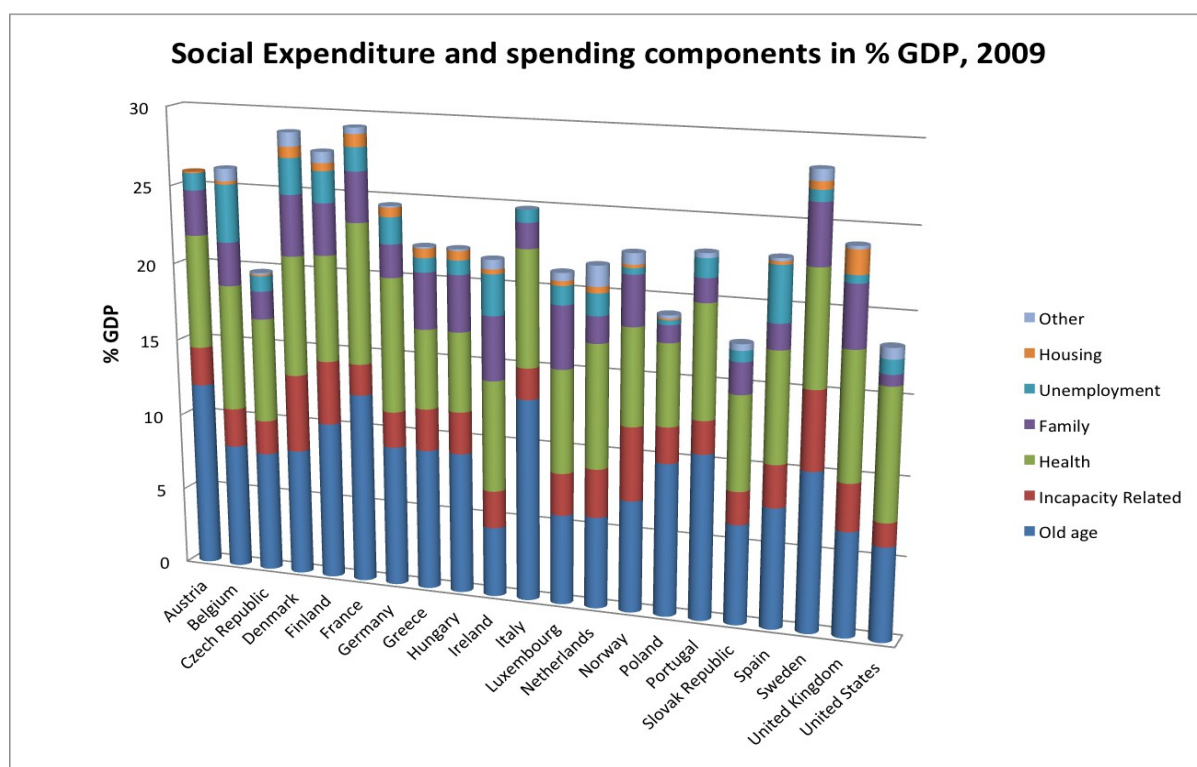


Source: SOCX database (<http://stats.oecd.org>), own elaborations.

Figure 5.4.1 above depicts the total net expenditure as a percentage of GDP for selected OECD countries. Public spending over the last few decades has been largely dominated by the exertions of wars. The 1980s saw a steady decline in social expenditure for the UK, from some 20% (approximately) to a low of 15% (approx.), lower than even the OECD's average during a period of recession. It soared again in the 1990s and can be attributed to the European Exchange Rate Mechanism (ERM) crisis. Introduced by the European Community in preparation for the single currency (Euro), they hoped to achieve monetary stability and reduced exchange rate variability. The UK entered into the ERM, but soon made an early exit after failing to keep the value of the pound sterling above its agreed lower-limit. Viewed as an economic failure, estimated costs were in the billions and much was spent in propping up the pound sterling. Spending once more begun a slow decline but soon rose following the recent financial crisis of 2008. Public spending in Finland shows a similar pattern to that of the UK, with peaks in expenditure during the recession period of the 80s and 90s, it saw a sharp decline of more than 5% during the period 1995-2000, and unsurprisingly also rose gradually following the 2008 financial crisis. However, it still outspends the OECD, UK and

EU19+ Norway average, this I would argue is a reflection of the generosity and comprehensiveness of the Scandinavian welfare states. It must also be said that the inclusion of the four (Denmark, Finland, Sweden and Norway) Scandinavian countries in the estimation of EU19 +Norway total social expenditure, may have skewed the averages over time.

Figure 5.4.2 Social Expenditure and spending Components in % GDP, 2009



Source: SOCX database (<http://stats.oecd.org>), own elaborations. *USA included as a comparator

As noted from the above cylindrical chart (5.4.2), social expenditure accounted for more than 25 per cent of GDP in six of the selected EU countries, with only three (Czech Republic, Poland and Slovak Republic) reflecting a percentage below 20 per cent of GDP. A common theme across all countries is the high percentage spending on health care and pensions, with family welfare and incapacity benefits and family assistance sharing comparative spending across most countries. Unsurprisingly, the Nordic/Scandinavian countries (Denmark, Finland, Norway and Sweden) are among the biggest spenders, with Finland just edging out the others. When we compare the UK's spending with that of Finland, we note that Finland's spending on old age assistance programs and incapacity being higher than the UK's expenditure on these benefits. On the other hand, the UK invests more on health care and housing than Finland, this may

be in part a result of its expansive social housing scheme. Currently going through an overhaul, it will see some local authorities increase access measures and eligibility for application rules enhanced. One such Local Authority, Slough Borough Council, has this month introduced restrictive measures that will require the applicant to be resident within their locality area for a period of five years before becoming eligible to apply, previously one only needed to be resident for a minimum of six months. Having become inundated with more applications that they did property, drastic measures were required.⁴⁶

⁴⁶ Visit <https://www.slough.gov.uk/downloads/housing-allocation-scheme-guide.pdf> for more info

6 Summary and Conclusions

According to the studies reviewed on both voluntary and forced migrants, it is plausible to conclude that fears about the abuse of welfare systems by immigrants are unfounded. Empirical evidence obtained from studies on both groups of migrants returned mixed results, with some reporting magnet effects, others no magnet effect and indeed those that found marginal effects. However, I would contend that the welfare does indeed act as a magnet effect for migrants however its potential effects are not observed, particularly where an exclusionary immigration policy exists. Furthermore, evidence points to the fact that the welfare state plays an even greater role in the migration decision through its influence on policy. Given its connection to labour markets and growth development, policymakers are keen to secure the future of their welfare states at the cost of increased multiculturalism. Recent policy shifts within EU countries has seen a wave of restrictive measures introduced aimed primarily at dissuading the undesired low-skilled migrants. This measure, along with the EU wide asylum policy and control measures limits the extent of multiculturalism. Moreover, despite the fact that Europe has reported the largest inflow of international migrants in 2013, much of these were from within the European Economic Area. The UK has long been seen a multicultural society, with a rich history steeped in colonialism, as such unlike Finland it attracts more immigrants from a range of its former colonies, due to the geospatial, economic, linguistic and colonial ties that are perceived.

Sweden, like Finland boasts a social democratic welfare regime, however, unlike Finland, Sweden attracts one of the highest rates of asylum claims in Europe. Scandinavian welfare states face today a two-fold problem the first being between the maintenance of a universalist egalitarian model within an increasingly heterogeneous population structure. The second, that the fiscal capacity to maintain such generosity no

longer exists. Lower labour market participation and greater extents of welfare dependency among non-western immigrants, were noted and may be due in part to the unemployment gaps in immigrants relative to natives. This was more evident in Finland than the UK, and may be as a result to the barriers immigrants possess such as lack of linguistic ability, necessary to obtain employ.

This thesis was motivated by the question of the role of policy, and welfare regimes in self-selection. Evidence shows that Welfare states impacts on immigrations through several channels, it has a unique relationship with labour markets and immigration policy. Potential labour migrants in poorly performing economies were found to have a magnet pull effect, providing they are able to afford the cost of migration then the decision is normally well informed and calculated on the basis of utility maximisation for the individual and their household. When all other factors are held constant, countries with generous welfare benefits, such as the Scandinavian countries, may experience negative self-selection; as low-skilled immigrants may choose to migrate to these countries. Those with a less generous welfare systems, such as the UK may attract high-skilled immigrants. However, these effects were marginal and immigration restrictions in the form of policies impacts on the selection decision, particularly for non-EU migrants. Several empirical studies cited the importance of networks; policies, agents and social relationships in influencing selection decisions. Though I conclude that labour migrants are influenced by a magnet pull, this may no longer be the case for asylum seekers, the restrictive nature and extensive approach with which asylum control policy is undertaken in the EU may be a deterrent to those who were making so-called bogus applications.

In concluding, I would assert that future studies on magnet effects consider applying a variable that measures immigration policy effects, as there is an interactive relationship that exists amongst these three important institutions. It is also important that welfare states pursue integration of their immigrant population through the social mechanisms available. Integration of immigrants fosters a sense of belonging and will encourage participation in the labour markets.

References

1. Abreu, A. (2012, April). The New Economics of Labour Migration: Beware of Neoclassicals Bearing Gifts. In *Forum for Social Economics* (Vol. 41, No. 1, pp. 46-67). Routledge.
2. Allard, S. W., & Danziger, S. (2000). Welfare Magnets: Myth or Reality?. *The Journal of Politics*, 62(02), 350-368.
3. Baldwin-Edwards, Martin. "Immigration and the welfare state: a European challenge to American mythology." *Mediterranean Migration Observatory (MMO) Working Paper 4* (2002).
4. Bamba, C. (2006). Research Note: Decommodification and the worlds of welfare revisited. *Journal of European Social Policy*, 16(1), 73-80.
5. Banting, K., & Kymlicka, W. (Eds.). (2006). *Multiculturalism and the Welfare State: Recognition and Redistribution in Contemporary Democracies: Recognition and Redistribution in Contemporary Democracies*. Oxford University Press.
6. Beine, M., Docquier, F., & Özden, C. (2011). Dissecting network externalities in international migration.
7. Bisin, A., Patacchini, E., Verdier, T., & Zenou, Y. (2008). Are Muslim immigrants different in terms of cultural integration?. *Journal of the European Economic Association*, 6(2-3), 445-456.
8. Bisin, A., Patacchini, E., Verdier, T., & Zenou, Y. (2011). Ethnic identity and labour market outcomes of immigrants in Europe. *Economic Policy*, 26(65), 57-92.
9. Blau, F. (1984). The use of transfer payments by immigrants. *Industrial and Labor Relations Review*, 37(2), 222-239.
10. Bommes, M., & Geddes, A. (Eds.). (2000). *Immigration and welfare: challenging the borders of the welfare state* (Vol. 1). Psychology Press.
11. Borjas, G. J. (1994). The economics of immigration. *Journal of economic literature*, 1667-1717.

12. Borjas, G. J. (1999) Immigration and Welfare Magnets. *Journal of Labour Economics*, Vol. 17 (4): 607 – 637.
13. Borjas, G. J. (2011). Social security eligibility and the labour supply of elderly immigrants. *Industrial and Labour Relations Review*, Vol. 64 (3): 485-501
14. Borjas, G. J., & Bronars, S. G. (1990). *Immigration and the Family* (No. w3509). National Bureau of Economic Research.
15. Borjas, G. J., & Hilton, L. (1996). Immigration and the welfare state: Immigrant participation in means-tested entitlement programs. *The quarterly journal of economics*, 111(2), 575-604.
16. Borjas, G. J., & Trejo, S. J. (1991). *Immigrant participation in the welfare system* (No. w3423). National Bureau of Economic Research.
17. Brochmann, G., & Kjeldstadli, K. (2008). *A history of immigration: the case of Norway 900-2000*. Universitetsforlaget.
18. Buchanan S., Grillo B., and Threadgold T., (2003) *What's the Story? Results from Research into Media Coverage of Refugees and Asylum Seekers in the UK*. London: Article 19.
19. Buckley, F. H. (1996). The political economy of immigration policies. *International Review of Law and Economics*, 16(1), 81-99.
20. Brücker, H., Epstein, G. S., McCormick, B., Saint-Paul, G., Venturini, A., & Zimmermann, K. F. (2002). Managing migration in the European welfare state. *Immigration policy and the welfare system*, 74.
21. Castles, S., Miller, M. J., & Ammendola, G. (2005). *The Age of Migration: International Population Movements in the Modern World*. Guilford Press.
22. Constant, A., & Massey, D. S. (2002). Return migration by German guestworkers: Neoclassical versus new economic theories. *International Migration*, 40(4), 5-38.
23. Day, K., & White, P. (2002). Choice or circumstance: The UK as the location of asylum applications by Bosnian and Somali refugees. *GeoJournal*, 56(1), 15-26.
24. De Giorgi, G., & Pellizzari, M. (2006). *Welfare migration in Europe and the cost of a harmonised social assistance* (No. 2094). IZA Discussion Papers.
25. De Haas, H. (2010). *Migration and development: a theoretical perspective*1.

International Migration Review, 44(1), 227-264.

26. Ebbinghaus, B. (2012). Comparing Welfare State Regimes: Are Typologies an Ideal or Realistic Strategy?. *ESPAN, Edinburg, UK*.
27. Esping-Andersen, G. (1996). After the golden age? Welfare state dilemmas in a global economy, p. 1-31 in: *Welfare states in transition: National adaptations in global economies*. Sage
28. Eurostat, (2013). Key Figures on Europe 2013, digest of the online Eurostat yearbook. Eurostat http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-EI-13-001/EN/KS-EI-13-001-EN.PDF
29. Facchini, G., & Mayda, A. M. (2006). *Individual attitudes towards immigrants: Welfare-state determinants across countries* (No. 1768). CESifo working paper.
30. Fertig, M., & Schmidt, C. M. (2001). *First-and Second-Generation Migrants in Germany* (No. 286). IZA Discussion paper series.
31. Gilbert, A., & Koser, K. (2006). Coming to the UK: what do asylum-seekers know about the UK before arrival?. *Journal of ethnic and migration studies*, 32(7), 1209-1225.
32. Given, Lisa M. (2008). *The Sage encyclopedia of qualitative research methods*. Los Angeles, Calif.: Sage Publications. [ISBN 1-4129-4163-6](#).
33. Givens, T., & Luedtke, A. (2004). The politics of European Union immigration policy: institutions, salience, and harmonization. *Policy Studies Journal*, 32(1), 145-165.
34. Glantz, F. B. (1975). The determinants of the intermetropolitan migration of the poor. *The Annals of Regional Science*, 9(2), 25-39.
35. Gramlich, E. M., & Laren, D. S. (1984). Migration and income redistribution responsibilities. *Journal of Human Resources*, 19(4).
36. Gregg, P. (2008). *UK Welfare Reform 1996 to 2008 and beyond: A personalised and responsive welfare system?*. Centre for Market and Public Organisation.
37. Hansen, J. D. (2003). Immigration and income redistribution in welfare states. *European Journal of Political Economy*, 19(4), 735-746
38. Hansen, J., & Lofstrom, M. (2003). Immigrant Assimilation and Welfare

- Participation Do Immigrants Assimilate Into or Out of Welfare?. *Journal of Human Resources*, 38(1), 74-98.
39. Hanson, R. L., & Hartman, J. T. (1994). *Do Welfare Magnets Attract?*. Institute for Research on Poverty, University of Wisconsin--Madison.
 40. Harris, J. R., & Todaro, M. P. (1983). 18. Migration, Unemployment and Development: A Two-Sector Analysis. *The Struggle for Economic Development: Readings in Problems and Policies*, 199.
 41. Havinga, T., & Böcker, A. (1999). Country of asylum by choice or by chance: Asylum-seekers in Belgium, the Netherlands and the UK. *Journal of ethnic and migration studies*, 25(1), 43-61.
 42. Hedetoft Ulf, (2006). Migration Information Source - Denmark: Integrating Immigrants into a Homogeneous Welfare State (accessed 10.29.13)
<http://www.migrationinformation.org/Profiles/display.cfm?ID=485>
 43. Hilson, M. (2008). *The nordic model: Scandinavia since 1945*. Reaktion books.
 44. Horsti, K. (2007). Asylum seekers in the news: Frames of illegality and control. *Observatorio (OBS*)*, 1(1).
 45. Iversen, T. (2001). The dynamics of welfare state expansion: trade openness, deindustrialization, and partisan politics p. in: Pierson, P. (Ed.) *The new politics of the welfare state*. Oxford University Press
 46. Kogan, I. (2003). Ex-Yugoslavs in the Austrian and Swedish labour markets: the significance of the period of migration and the effect of citizenship acquisition. *Journal of Ethnic and Migration Studies*, 29(4), 595-622.
 47. Kolberg, J. E. and Esping-Andersen, G. (1992). Welfare States and Employment Regimes, p. 3-36 in: Kolberg J.E. (eds.) *The study of welfare state regimes* (Vol. 20). ME Sharpe.
 48. Kunz, E. F. (1973). The Refugee In Flight: Kinetic Models and forms of displacement. *International migration review*, 7(2), 125-146.
 49. Lee, E. S. (1966). A theory of migration. *Demography*, 3(1), 47-57.
 50. McKenzie, D., & Rapoport, H. (2007). Network effects and the dynamics of migration and inequality: theory and evidence from Mexico. *Journal of development Economics*, 84(1), 1-24.

51. Massey, D. S., Arango, J., Hugo, G., Kouaouci, A., Pellegrino, A., & Taylor, J. E. (1993). Theories of international migration: a review and appraisal. *Population and development review*, 431-466.
52. Moore, K. (2013). 'Asylum shopping' in the neoliberal social imaginary. *Media, Culture & Society*, 35(3), 348-365.
53. Myers, G. M., & Papageorgiou, Y. Y. (2000). Immigration control and the welfare state. *Journal of Public Economics*, 75(2), 183-207.
54. Nannestad, P. (2004). Immigration as a challenge to the Danish welfare state?. *European Journal of Political Economy*, 20(3), 755-767.
55. Newland, K. (April, 2005). Drop in Asylum Numbers Shows Changes in Demand and Supply. Migration Information Source. <http://www.migrationpolicy.org/article/drop-asylum-numbers-shows-changes-demand-and-supply> Accessed 28.04.2014
56. Neumayer, E. (2004). Asylum Destination Choice What Makes Some West European Countries More Attractive Than Others?. *European Union Politics*, 5(2), 155-180.
57. Orb, A., Eisenhauer, L., & Wynaden, D. (2001). Ethics in qualitative research. *Journal of nursing scholarship*, 33(1), 93-96.
58. OECD (2001) *Trends in International Migration: Annual Report*. Organisation for economic Co-operation and Development.
59. Ranis, G., & Fei, J. C. (1961). *A theory of economic development*. The American Economic Review, 51(4), pp. 533-56
60. Robinson, L. (2005). South Asians in Britain Acculturation, Identity and Perceived Discrimination. *Psychology & developing societies*, 17(2), 181-194.
61. Robinson, V., & Segrott, J. (2002). *Understanding the decision-making of asylum seekers* (Vol. 12). London: Home Office.
62. Sasse, G., & Thielemann, E. (2005). A research agenda for the study of migrants and minorities in Europe. *JCMS: Journal of Common Market Studies*, 43(4), 655-671.
63. Saxton A., (2003) I certainly don't want people like that here: the discursive construction of 'asylum seekers'. *Media International Australia incorporating Culture and Policy* 109: 109-120.

64. Schierup, C. U., Hansen, P., & Castles, S. (2006). Migration, citizenship, and the European welfare state: a European dilemma. *OUP Catalogue*.
65. Schram, S., Nitz, L., & Krueger, G. (1998). Without cause or effect: Reconsidering welfare migration as a policy problem. *American Journal of Political Science*, 42, 210-230.
66. Scruggs, L. (2006): „The Generosity of Social Insurance, 1971-2002“, Oxford Review of Economic Policy, Vol.22, No.2, 149-163
67. Sinn, H. W. (2000). Why a funded pension system is needed and why it is not needed. *International Tax and Public Finance*, 7(4-5), 389-410.
68. Sinn, H. W. (1998). European integration and the future of the welfare state. *Swedish Economic Policy Review*, 5, 113-132.
69. Smart K, Grimshaw R, McDowell C and Crosland B (2007) *Reporting Asylum – The UK Press and the Effectiveness of PCC Guidelines*. London: ICAR.
70. Stephens, J.D. (1996). The Scandinavian Welfare States: Achievements, Crisis, and Prospects, p. 32-65 in: Esping-Andersen, G. *Welfare states in transition: National adaptations in global economies*. Sage
71. Taylor (2001)
72. Thielemann, E. R. (2006). 17 The effectiveness of governments' Attempts to control unwanted migration
73. Thielemann, E. R. (2012). How effective are national and EU policies in the area of forced migration?. *Refugee survey quarterly*, 31(4), 21-37.
74. Tienda, a Tienda, M., Haskins, R., 2011. Immigrant Children: Introducing the Issue. *The Future of Children* 21, 3–18.
75. Tienda, M., & Jensen, L. (1986). Immigration and public assistance participation: Dispelling the myth of dependency. *Social Science Research*, 15(4), 372-400.
76. Todaro, M. P. (1969). A model of labor migration and urban unemployment in less developed countries. *American economic review*, 59(1), 138-148.
77. United Nations, (2013a). International Migration Report 2013, Department of Economic and Social Affairs, Population Division, United Nations.

https://www.un.org/en/development/desa/population/publications/pdf/migration/migrationreport2013/Full_Document_final.pdf#zoom=100

78. United Nations, (2013b). Trends in International Migrant Stock: The 2013 revision (United Nations database, POP/DB/MIG/Stock/Rev.2013) Department of Economic and Social Affairs, United Nations
79. Usher, D. (1977). Public property and the effects of migration upon other residents of the migrants' countries of origin and destination. *The Journal of Political Economy*, 1001-1020.
80. Warin, T., & Svaton, P. (2008). European Migration: Welfare Migration or Economic Migration?. *Global Economy Journal*, 8(3).
81. Zavodny, M. (1999). Determinants of recent immigrants' locational choices. *International Migration Review*, 1014-1030.
82. Zimmerman, W., and Fix, M., (1994) 'Immigrant Policy in the States: A Wavering Welcome', p. 289- 316 in Edmonston, B., and Passel, J. S., (Ed.) *Immigration and Ethnicity* Urban Institute Press. Washington

Bibliography

- Agenor, P. R. (2004). Does Globalization hurt the poor?. *International Economics and Economic Policy*, 1(1), 21-51.
- Bahna, M. (2013). INTRA-EU MIGRATION FROM SLOVAKIA: An evaluation of new economics of labour migration and migrant networks theories. *European Societies*, 15(3), 388-407.
- Banting, K. G. (2005). The multicultural welfare state: International experience and North American narratives. *Social Policy & Administration*, 39(2), 98-115.
- Barrett, A., & McCarthy, Y. (2008). Immigrants and welfare programmes: exploring the interactions between immigrant characteristics, immigrant welfare dependence, and welfare policy. *Oxford Review of Economic Policy*, 24(3), 542-559.

- Berry, W. D., Fording, R. C., & Hanson, R. L. (2003). Reassessing the “race to the bottom” in state welfare policy. *Journal of Politics*, 65(2), 327-349.
- Collado, M. D., Iturbe-Ormaetxe, I., & Valera, G. (2004). Quantifying the impact of immigration on the Spanish welfare state. *International Tax and Public Finance*, 11(3), 335-353.
- Danaher, W. F. (2001). AFDC and Work: Magnets or Anchors for the Poor?. *Sociological Spectrum*, 21(1), 33-59.
- Drinkwater, S. (2003). *The economic impact of migration: A survey*. Hamburgisches Welt-Wirtschafts-Archiv (HWWA).
- Frieden, J. A. (2006). *Global capitalism: Its fall and rise in the twentieth century* (p. 303). New York: WW Norton.
- Givens, T., & Luedtke, A. (2004). The politics of European Union immigration policy: institutions, salience, and harmonization. *Policy Studies Journal*, 32(1), 145-165.
- Giulietti, C., & Wahba, J. (2012). Welfare migration.
- Guiraudon, V. (2000). European integration and migration policy: vertical policy-making as venue shopping. *JCMS: Journal of Common Market Studies*, 38(2), 251-271.
- Grubel, H., & Grady, P. (2011). Immigration and the Canadian Welfare State 2011. *Studies in Immigration and Refugee Policy*.
- Han, K. J. (2013). Political use of asylum policies: The effects of partisanship and election timing on government policies regarding asylum seekers’ welfare benefits. *Comparative European Politics*, 11(4), 383-405.
- Hervik, P. (2012). Ending tolerance as a solution to incompatibility: The Danish ‘crisis of multiculturalism’. *European Journal of Cultural Studies*, 15(2), 211-225.
- Kaye, R. (1999). The politics of exclusion: The withdrawal of social welfare benefits from asylum seekers in the UK 1. *Contemporary Politics*, 5(1), 25-45.

- Keely, B. (2009). *OECD Insights International Migration: The Human Face of Globalization*. OECD Publishing.
- Kymlicka, W., & Banting, K. (2006). Immigration, multiculturalism, and the welfare state. *Ethics & International Affairs*, 20(3), 281-304.
- Lalić Novak, G., & Padjen, I. (2010). The Europeanization of asylum policy: from sovereignty via harmony to unity. *Politička misao*, 46(5), 75-101.
- Madsen, P. K. (2005). *How Can It Possibly Fly?: The Paradox of a Dynamic Labour Market in a Scandinavian Welfare State*. Center for Arbejdsmarkedsforskning, Carma.
- Meyer, B. D. (1998). *Do the Poor Move to Receive Higher Welfare Benefits?*. Institute for Policy Research, Northwestern University.
- Morris, L. (2009). Asylum, welfare and civil society: a case study in civil repair. *Citizenship Studies*, 13(4), 365-379.
- Meuleman, B., Davidov, E., & Billiet, J. (2009). Changing attitudes toward immigration in Europe, 2002–2007: A dynamic group conflict theory approach. *Social Science Research*, 38(2), 352-365.
- Neumayer, E. (2004). Asylum Destination Choice What Makes Some West European Countries More Attractive Than Others?. *European Union Politics*, 5(2), 155-180.
- Razin, A., & Wahba, J. (2011). *Welfare magnet hypothesis, fiscal burden and immigration skill selectivity* (No. w17515). National Bureau of Economic Research.
- Righard, E. (2008). *The welfare mobility dilemma. Transnational strategies and national structuring at crossroads* (Vol. 31). Lund University.
- Ruist, J. (2011). Free immigration and welfare access: the Swedish experience. *forthcoming in Fiscal Studies*, most recent version available at <http://www.economics.gu.se/ruist>.
- Thielemann, E. R. (2001, May). The “Soft” Europeanisation of Migration Policy: European Integration and Domestic Policy Change. In *ECSA Seventh Bienal Internacional Conference* (Vol. 31).

- Wickramasekara, P. (2008). Globalisation, international labour migration and the rights of migrant workers. *Third World Quarterly*, 29(7), 1247-1264.
- Zimmermann, S. E. (2011). Reconsidering the Problem of 'Bogus' Refugees with 'Socio-economic Motivations' for Seeking Asylum. *Mobilities*, 6(3), 335-352.